THE Freeman

IDEAS ON LIBERTY

NOVEMBER 1958

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THE FOUNDATION
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Irvington-on-Hudson, New York

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THE Freeman

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LEONARD E. READ *President*, Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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REGULATORY TAXATION

HANS F. SENNHOLZ

WE OFTEN FORGET that the taxes levied by our governments aim not only at raising revenue but also at other purposes. Taxation today is the favorite weapon of interventionism. Federal income taxes, for instance, undoubtedly are intended to yield some revenue but they also aim to bring about greater equality of wealth and income.

Our legislators have always been aware of this "regulatory" aspect of taxation. Regulation through taxation formerly was limited, by and large, to protective tariffs which restricted the supply of certain goods in order to benefit certain producers. Today the regulatory objectives are broader and more far-reaching. Some taxes aim at influencing the consumption of certain items. Some affect various sectors of production and trade. Others change business customs and conduct. And, finally, still others aim at controlling or changing our economic system. In far too many cases, the revenue accruing to the government treasury is an insignificant side-effect of taxation.

Taxes intended to control consumption include those on alcoholic beverages and tobacco. Legislators and government officials, concerned about the health of taxpayers, try to curb consumption by making these items more expensive. Such reasoning is dubious, however, because the demand for tobacco and alcoholic beverages is rather inelastic to price changes. People do not like to be coerced. They continue to smoke and drink in spite of taxes on consumption. Many of the legislators themselves are known to be notorious consumers of the very items they would tax out of use. These taxes, therefore, merely tend to lead to tax evasion and illegal production and trade.

Another example of taxation aimed at consumption control is the levy on oleomargarine. The pro-

Dr. Sennholz heads the Department of Economics at Grove City College, Pennsylvania.

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ducers of butter, the dairy farmers, induced Congress and several state legislatures to tax oleomargarine because they found it offered serious competition to butter. They commanded a bloc of votes which directed the government apparatus to take action against the margarine producers. In this case, as in many others, government force has been employed to restrict competition in favor of one group to the detriment of another.

To Regulate Production and Trade

Other taxes are imposed to regulate certain sectors of production and trade. Almost half of our states levy special taxes on chain stores. The avowed purpose of this taxation is to handicap chain stores and restrict competition so as to favor small dealers. Again, a large bloc of votes directs the government apparatus against some citizens who lack effective representation.

Another example of the regulatory objective of taxation was the 10 per cent federal tax on state bank note circulation levied in 1865. In order to further the sale of war bonds, the federal government chartered national banks which were authorized to issue national bank notes against government bond collateral. The state bank notes, which banks could issue under state regulation without war bond collateral, were taxed out of existence by the 10 per cent tax. The ultimate effect of this taxation was the supremacy of the federal government in matters of money and banking.

Finally, the protective tariff is a tax that interferes with production and trade. It aims to handicap foreign producers and favor certain domestic producers to the detriment of all domestic consumers. If the rates are high enough, competition from foreign-made articles may be wholly denied, giving domestic producers a monopoly.

To Improve the Businessman's Conduct

Other taxes aim to change business customs and conduct. Speculation, which is said to constitute harmful business conduct, is opposed by the central planners. They blame speculators for the economic booms and recessions which their own intervention has caused. They charge the speculator with impeding and jeopardizing the government planning and blame him for their own failures. It cannot be surprising, therefore, that they try to turn the government apparatus against the speculator. Numerous Federal Reserve regulations restrict his use of money and credit. Speculation is further discouraged by taxes on short-term capital gains at double the rate on long-term gains.

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In order to improve business conduct in matters of employment, most states apply lower unemployment tax rates to employers with relatively stable employment records. Their basic assumption is that business customers and procedures are responsible for unemployment which can be prevented, or at least alleviated, through a change of conduct. The effect of this tax discrimination, however, is quite the opposite of its intent. The industries that are most subject to losses during recessions are taxed at higher rates, which merely adds to their difficulties and increases unemployment.

A further example of this regulatory objective occurred during World War II when all wage increases paid without prior government approval were treated as corporate income subject to tax in order to force businessmen to submit to government wage controls. More recently, in order to fight the "undesirable" business custom of rebates through trading-stamps, some states imposed heavy taxes on their issue, which in fact succeeded in eliminating them in those states.

To Abolish the Enterprise System

The last objective mentioned at the outset is the controlling or changing of our economic system. Of course, the other objectives also aim at changing some aspects of our individual enterprise system. But they do not intentionally aim to substitute interventionism or socialism for the enterprise system, although they interfere with the smooth operation of the economy and, therefore, may lead to more and more intervention until socialism is realized. The taxes that are to control or change our free economic system are directed against its very foundations: the profit incentive and capital accumulation.

This ominous objective came into the open some 25 years ago when Keynesian and institutional economics swayed people's minds. Numerous schemes were advanced for "taxing the country out of the depression." In order to encourage spending and penalize savings, the tax rates on corporate revenue and large personal incomes were raised sharply. A new tax, the undistributed profits tax of 1936, aimed at checking the accumulation of corporate earnings by management. It was hoped that there would be greater spending from dividends than from corporate earnings held back by management.

The disastrous results of this new tax policy clearly reveal its fallacies. The New Deal taxes, together with a great number of antibusiness measures, aggravated and perpetuated the Great Depres-

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sion, which held the nation in its grip from 1930 to the outbreak of World War II.

Incentive Reduced

Progressive income taxes and business taxes diminish the incentive to work. High-income executives and professional men whose services are most urgently needed are induced to work less and retire sooner than they otherwise would. Without the pecuniary incentive, fewer young men will choose a career requiring long and costly preparation or connected with uncertainty and risk; and this tends to reduce the supply of such labor, thus impeding economic progress.

It is no coincidence that throughout the capitalist era the most energetic and ambitious men in America went into business and became founders and promoters of successful enterprises. On the other hand, socialist and interventionist societies offer to the ambitious little choice beyond the military services, a political career, or emigration to a capitalist country.

Capital Consumed

The destruction of personal incentive is not the only ominous result; the taxes that aim at the roots of our individual enterprise system also spend and consume what generations have built and accumulated. Heavy death duties and highly progressive business and income taxes tend to consume accumulated capital. True, such taxes do not immediately and visibly destroy such capital equipment as steel mills, railroads, or refineries. But they force the heirs or owners to sell all or part of the taxed estate in order to raise the cash demanded by the tax collectors. This cash or liquid capital then is taken and consumed by governments, thus preventing other investments and expansions which would have been made if there had been no inheritance tax.

In this connection, let us consider two other results of our confiscatory death duties. While still in his prime, the man who is both successful and responsible prepares financially for his demise. The owner and operator of a highly specialized enterprise tries to avoid leaving his business to his widow or heirs and the tax collectors. His widow usually knows little of its management and operation. And she could hardly hope to sell it profitably within the short period of time allowed for tax payment. Therefore, the businessman, while he lives, feels compelled to sell out to his competitors. He can sell his business under conditions as favorable as possible and then reinvest the proceeds in readily marketable securities, such as U.S.

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Treasury bonds. The death duty thus eliminates an independent enterprise and channels productive capital into government debt.

The other result which flows from the peculiarity of our tax legislation is the formation of tax-exempt foundations. Under the present tax laws a man may irrevocably hand over all or part of his wealth to a foundation that spends it or the income for religious, charitable, or educational purposes. But he may keep and pass on to his heirs the voting rights of his wealth. In other words, by forming a foundation, a businessman and his heirs may stay in control of the enterprise although the returns are to be spent by the foundation trustees. Again funds are taken from a productive enterprise and channeled largely toward consumption.

Steeply graduated personal income taxes also reduce saving. Consumption expenditures of the higher income groups usually are less flexible than their saving. The taxes are paid chiefly out of the income which otherwise would have been saved. Often, taxpayers find they must draw upon their savings accounts, sell some of their stock holdings, or borrow from banks to provide the funds for tax payments, all of which signifies capital consumption and lower capacity to produce.

Business Guideposts Destroyed

Business profits and losses are the signals of the free enterprise system. A profit indicates that the businessman is efficiently satisfying the needs of consumers. Profits not only encourage but also provide the means for expansion. Losses, on the other hand, indicate to the businessman that his costs of production exceed the market price of his products and that he must produce more efficiently or else face bankruptcy.

Taxes on profits interfere with these important signals. They weaken the signal of encouragement to a profitable business and confiscate the means needed for expansion. Thus, taxes frustrate the adjustment the market demands, destroying the dynamism of competitive enterprise, protecting inefficient operators at the expense of more capable competitors. The capitalist economy thus loses its characteristics of quick adaptability, managerial efficiency, and keen competition. The fundamental pillars of the free market are dangerously weakened by the present taxes on business profits.

Contracyclical Taxation

There are two other taxation objectives gnawing at the foundations of our system. One aims at checking business recessions through tax changes; the other in-

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tends to prevent inflation through taxation.

After every period of active inflation brought about by government deficit spending and credit expansion, the American economy goes through a readjustment. Immediately, proposals are made to alter the tax system in order to stimulate business. The federal government is urged to increase expenditures—to "prime the pump"—and simultaneously cut taxes. The recession is attributed to a mysterious reduction of spending on the part of consumers and businessmen, and increased government expenditures and reduced taxes are supposed to put additional spending power into the pockets of the public. Such spending is supposed to improve markets and stimulate the economy. The tax relief is granted only to lower income groups, on the theory that they are sure to spend the money, whereas tax reductions for higher income groups might only lead to more saving and hoarding.

The Result Is Inflation

There is one aspect of this spending program that is seldom considered. The additional spending power is created through inflationary devices on the part of the Federal Reserve System. Without inflation, the additional purchasing power which tax reductions grant consumers would be offset by a reduction of government purchasing power necessitated by lower revenues. If both consumers and government are to have more money to spend, only inflation can provide it. So, what these spendthrifts advocate is inflation and monetary depreciation.

It is true that inflation may alleviate recession. It causes product prices to rise, which tends to make business profitable again. But at the same time, it has a great number of disastrous effects. The purchasing power of the money is reduced. Creditors lose; debtors gain. Fixed-income receivers suffer. Capital is squandered and malinvested. And finally, at the end of the inflation spree there must be another readjustment, another recession. Inflation is but a temporary makeshift that breeds more disaster than it can possibly alleviate.

Inflation is the increase of the money supply by our monetary authorities. For our government to fight inflation is a simple matter; it merely must order the Federal Reserve authorities to cease and desist from further money expansions. Any other measures, such as price and wage controls or additional tax burdens on the people, merely aim at the inflation symptoms but leave untouched the source of the evil. Higher business

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taxes may even intensify the inflationary effects, inasmuch as they tend to restrict the output of goods. It is no wonder that American product prices are rising incessantly year after year while the money supply grows and business taxes absorb over 50 per cent of corporate earnings.

There is no prospect of relief from this situation until the American people understand that inflation comes from governmental depreciation of the money, and that the present taxes deny the incentives by destroying the fruits of competitive private enterprise.

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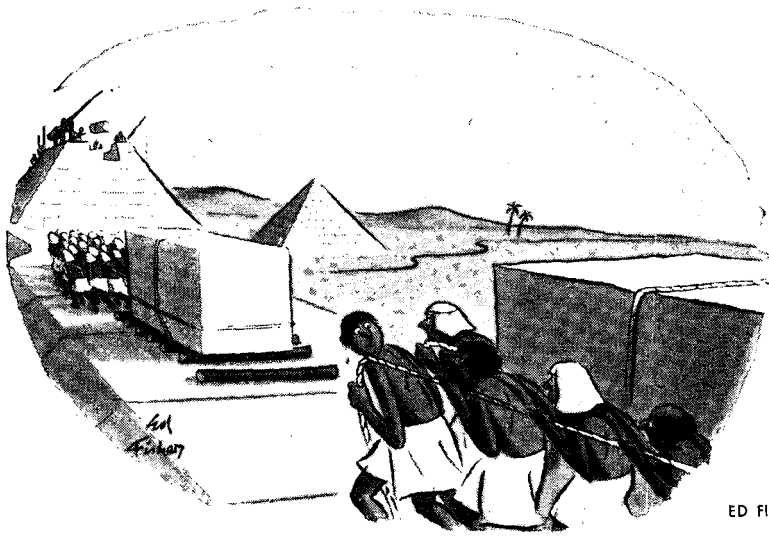

ED FISHER

"Frankly, I'd have preferred a tax cut to public works."

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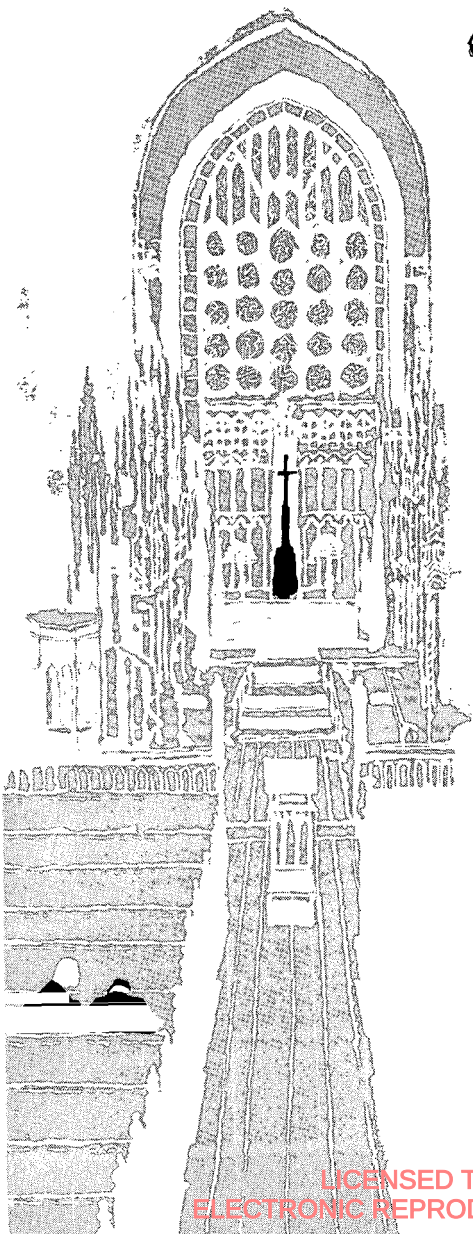

The American

CHRISTOPHER NORTH

WITHIN the chapel I had found that inner peace which I had been seeking – away from the tempest.

I had been sitting in a rear pew for a long time – alone. Just how long I did not know – for Time had ceased to exist – seemingly dissolved into that from which it is made – into eternity as it emerges out of the future and lingers, for a fleeting moment, on its journey into the past.

There was no sound save the soft whisper of beauty which came from the stained glass windows depicting memorable events in our history of Freedom – now long since forgotten.

Suddenly it seemed as if the figures came to life, as one by one they stepped down. I recognized General Washington, the Marquis de Lafayette, Anthony Wayne, Count Casimir Pulaski, Baron Frederick von Steuben and many others, as they filed past and with

Mr. North is a free-lance writer on social, economic, and political subjects. This essay, inspired by the Washington Memorial Chapel at Valley Forge, has been published many times, but today's unpeaceful world demands its further consideration.

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great dignity strode up to the choir where they halted under the massed flags hanging limply from the walls.

I felt a cold gust of wind chilling the air as the doors opened to admit a host of ragged, frostbitten soldiers. Their faces were deadly pale. They looked haggard and hungry but in their eyes burned the eternal light of sacrifice and selflessness.

They were the Liberators who had fought and died for that Freedom which was handed down to be held in trust by the People of America for all the People of the World.

It seemed natural and fitting that these brave men should return to attend services in the chapel erected in honor of their great leader.

The chapel now became enshrouded in semidarkness.

All eyes turned toward the pulpit which had suddenly become illuminated by a ray of light from above.

In the pulpit now appeared a Man in a shimmering white robe. He was looking out over the strange and distinguished congregation with a grave expression.

The silence became intense.

A feeling of awe and exultation came over me as this Man raised his right arm and spoke:

"I bid you all welcome to my house, for I am the peacemaker. You have spoken of freedom and you have fought for it – but I say unto you that there can be no freedom without peace, and there can be no peace as long as men seek freedom through force of arms."

There was a pause.

Then this Man looked directly at me and said:

"My heart bleeds for all of you who came after them – for you are not worthy of this greater freedom. You know not how to cherish it because you do not understand the real meaning of freedom. To you it means release from fear of tyranny and want. You have made of your freedom a goal to be attained for your pleasure and your security. You should know that is not the fulfillment of your desires and whenever you think of freedom or seek it for these reasons, you become enslaved to it as, indeed, you are slave to your greed and ambition. Your brass bands play, your flags wave and your oratory flows freely – but I say unto you, that this is no way to serve freedom."

I cringed under the penetrating gaze – but then I rose and heard myself saying:

"But, Master, how then may I best serve freedom?"

And then, once more He spoke:

"Freedom, first of all, is the

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privilege of choice – and when you choose freedom, it behooves you to live by it in reality. By so doing you will set an example to others who live in ignorance of its real meaning. Freedom gives you the choice between good and evil. This nation was created from among men of all races in order to demonstrate that peace among men is attainable. The brave men here assembled bequeathed a sacred trust, the terms of which call for this nation to dedicate itself to the fulfillment of its divine destiny which is to demonstrate the significance of the living spirit of freedom and thereby inspire all men to choose freedom through peace."

I felt a hand on my shoulder, opened my eyes, and found an old man with white hair and a black skull cap leaning over asking permission to sit by my side. I nodded and he sat down.

I looked around – the chapel was again empty – the Man in White was no longer in the pulpit. The great men of the past had returned to their places in the stained glass windows and the ragged soldiers had returned to their resting places under the green sod on the hillside.

The rays of the afternoon sun – now illuminating the stained the soft whisper of beauty into a hymn of truth and faith.

The old man beside me was on his knees mumbling in a foreign tongue. When I inquired what he was doing and why he was here in the George Washington Chapel at Valley Forge, he replied:

"I am a refugee – one of the millions who pray that they be admitted to your country. I am doubly fortunate in that this day I received a certificate accepting me as a Citizen of the United States. You ask why I am here. I am here to thank God for having heard my prayers."

Perhaps the expression on my face indicated to him that I doubted his word for he handed me a crisp piece of paper which, indeed, certified that Josef Kolinsky of Poland had been admitted to citizenship of the United States of America.

"But, tell me, Mr. Kolinsky, how come that you – a Jew – chose to worship in this Christian Chapel of George Washington?"

The old man looked at me with an expression that I shall never forget. With tears trickling down his wrinkled cheeks, he barely managed to reply:

"I wish you could understand, Mister, that I came here because now I am an American."

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Then I got up and left the chapel.

The battlefields of Valley Forge stretched out before me – with the dogwoods abloom on a distant hill – and beyond lay America – MY country.

Inside the chapel, on his knees before God, I had left behind a real American – an American by choice – one who had chosen Freedom and knew how to cherish it.

That spring day, at Valley Forge, I too became an American – through my choice of Freedom as a Divine Spirit within me.

IDEAS ON LIBERTY

Democratic Despotism

I HAVE ALWAYS THOUGHT that servitude of the regular, quiet, and gentle kind...might be combined more easily than is commonly believed with some of the outward forms of freedom; and that it might even establish itself under the wing of the sovereignty of the people.

Our contemporaries are constantly excited by two conflicting passions; they want to be led, and they wish to remain free; as they cannot destroy either one or the other of these contrary propensities, they strive to satisfy them both at once. They devise a sole, tutelary, and all-powerful form of government, but elected by the people. They combine the principle of centralization and that of popular sovereignty; this gives them a respite: they console themselves for being in tutelage by the reflection that they have chosen their own guardians. Every man allows himself to be put in leading-strings, because he sees that it is not a person or a class of persons, but the people at large that holds the end of his chain.

By this system the people shake off their state of dependence, just long enough to select their master, and then relapse into it again. A great many persons at the present day are quite contented with this sort of compromise between administrative despotism and the sovereignty of the people; and they think they have done enough for the protection of individual freedom when they have surrendered it to the power of the nation at large.

ALEXIS DE TOCQUEVILLE,
Democracy in America, 1835

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THE NATURE OF SOCIALISTIC DISASTER

*". . . until then will we hesitate to do anything worth-while toward keeping our country free from hyperinflation and disaster."**

LEONARD E. READ

OUR COUNTRY has stumbled into socialism during the past half century; by now — 1958 — we have adopted nearly all the things socialists stand for. Those of us who are aware of socialism's built-in destructiveness have watched this process with apprehension and are forever predicting, or warning against, the impending catastrophe which we think we see hanging over our society. Under socialism, some men are put at the disposal of other men, deliberately, legally, and on principle. Socialism, in other words, is premised on an immoral extension of political power.

But this is not all; socialism introduces disorder into the economic realm as well. Its economic reasoning is shot through with fallacies — which is why it has to rely on force to transact the business of production and exchange. This universe, we believe, is an orderly affair, and therefore intolerant of disorder. It follows that while we are free to embody uneconomic and immoral practices in our society, we are not free to escape their inevitable consequences. Our malpractices will catch up with us and bear their fruits in eventual collapse and disaster. Thus runs our reasoning.

Socialism, as formal, legal American policy, was given its significant impetus 45 years ago with the adoption of the Sixteenth Amendment. With that law we proclaimed that taxation would become progressive. We adopted as principle something even worse and less idealistic than communism's "from each according to ability, to each according to need." The principle we adopted was, "from each according to ability, to each according to political expediency." That this principle — once accepted — even though moderately applied initially, would be increasingly practiced throughout the whole

*From *The Police Power* by Leonard E. Read in THE FREEMAN, June 1958.

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economy was inevitable. That it has grown enormously is obvious. That it will continue to grow and spread is a foregone conclusion — until the principle is abandoned. If and when!

Yet, where is the debacle? What happened to the predicted disaster? On the surface, things are fine. The chatter we hear and the stuff we read seem only to say, "We never had it so good!"

There's a flaw here somewhere and we should find it. Certainly, our dire predictions by themselves will effect no remedy. But, where *is* the flaw? The prediction that socialism must ultimately bring disaster appears to be sound enough. And yet, we cannot deny that millions of people are better supplied than ever before with bathtubs and other gadgetry. Perhaps we need to probe beneath the surface and look at some of the things in our life we have swept under the rug. Let's, therefore, examine this question: Could it be that an important phase of the disaster is actually taking place more or less unobserved?

Disaster, in the context here discussed, is generally thought of as a state of social or economic upheaval and chaos, a panic, a famine encompassing nearly everyone, the collapse of law and order or internal revolution like the overthrow of the government or unemployment on a vast scale: some kind of collective catastrophe, in short.

Slow Disintegration

It is possible that socialism in America will never result in any easily visible, eruptive cataclysm that will be described either contemporaneously or historically as "disaster." There is the probability that the over-all effect will be, as in the Roman Empire, a slow, disintegrating, eroding process over a period of many decades. We will just peter out gradually. As there isn't any time when we say, "Today, I am old," so there may not be any day or week or year when we will announce, "This is it. The America of our fathers is at an end!" The oscillation of society's pendulum is usually too slow for any such precise observation.

The kind of disaster that socialism breeds, we wish to suggest, is not necessarily to be expected in the form of a sudden, collective eruption — short of an atomic hell breaking loose! Look for its results in the form of disastrous individual experiences now taking place. If disaster is not diagnosed in personal terms, there may be no awareness that it is presently wreaking its damage.

To discuss something in personal terms is to invoke moral values. And — to anticipate the thesis of

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this article – the socialistic disaster is not so much the debacle which the pursuit of antisocial policies will *someday* visit upon us; it is the immoral procedures we are engaged in *right now*. This is a moral judgment aimed at present practices and not merely a warning that we face a depression. To urge that there is even now a violation of life's moral dimension is different from a prediction that certain consequences will be unpleasant. A moral judgment does not ignore consequences, but essentially it is a judgment rendered before the consequences have appeared. For, as an 1846 editorial in *The London Times* observed: "The greatest tyranny has the smallest beginnings. From precedents overlooked, from remonstrances despised, from grievances treated with ridicule, from powerless men oppressed with impunity and overbearing men tolerated with complacence, springs the tyrannical usage which generations of wise and good men may hereafter perceive and lament and resist in vain."

Analyze, with this in mind, the case of those living on a fixed income. When the Widow Doakes can no longer buy the necessities of life with the competence which seemed quite adequate when Joe left it to her, her personal problem seems too trivial to merit the label "disaster." Yet, socialism, financed by inflation which in turn depreciates the purchasing power of the medium of exchange, has caused this calamity. Varying degrees of this type of individual experience exist on an enormous scale, all due to socialism and the consequent debauching of our money.

A Matter of Principle

Here is where most of us err: We fail to regard as disaster the forcible extortion of one-tenth of one per cent of an individual's earned income to finance state intervention and political privilege. This is mere pittance, and a shrug of the shoulders summarizes our feelings. Yet, we would regard, at least as an individual disaster, the forcible extortion of one's total income. If we are to comprehend disaster, we must think of the economically minor extortion of one-thousandth of a person's earnings as a 100 per cent moral disaster.

Actually, disaster occurs whenever sound principle is surrendered or violated. As this is a qualitative judgment, the quantity of money involved matters not one whit. If one accepts the commandment, "Thou shalt not steal," is the commandment any less surrendered with the theft of a penny than with the theft of a million dollars?

One of countless examples: Last year one farmer was paid $247,000

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for not growing wheat. Millions of us were compelled to chip in to build up the socialistic kitty to finance this disservice. Each chip was an individual disaster – altogether millions of moral disasters in fractionized form. Multiply this subsidy by the whole shocking, growing caboodle of socialistic subsidies which are doled out to some people at others' expense, and the enormity of the national disaster can be reckoned.

Superficial Observation

It is quite understandable why socialistic disaster so largely evades observation. Most of us evaluate affairs in our own or other countries with the careless scrutiny of tourists; that is, with the hurried, casual, unpenetrating, sweeping glance. We spend a day or so, for instance, in the capital of a country where socialism has for decades wrought its damage: Paris or Rome or Oslo or Montevideo or Mexico City. We note a bustle of activity, shops filled with attractive merchandise, restaurants serving excellent food, galleries with invaluable art, buildings of amazing splendor, and numerous other tourist delights. "Isn't everything wonderful? These, for sure, are a happy, prosperous people."

What we don't realize is that we are viewing only the social and economic Remainder – those persons and their activities who stay topside after all the rest have been shaken through the socialistic sieve. Unobserved are the millions who have been the victims of this riddling. These unfortunates are, in effect, out of circulation. They're no longer the ones who are seen in the marts or heard on the air or read in the press. They are a forgotten and, for all practical purposes, a silenced people. We can't weigh them on our scales, and so, more often than not, we form our impressions solely from the Remainder and their activities.

If we are among this Remainder ourselves, we are a busy and often a prosperous lot. It is we who paint the national picture for popular viewing. The painting is a reflection of what we see. And what we see is a reflection of our own still favorable experiences. Should disaster overtake us, however, our painting days will be at an end. This explains, in part, why socialistic disaster does its work in the dark, so to speak, hidden from casual observation.

Breakdown of Institutions

Prior to and responsible for the economic disaster visited on individuals is an erosion even less observed. It is the socialistic demolition, bit by bit, of our political and economic institutions, the pul-

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verizing of their moral and spiritual foundations.

Gone almost entirely, even from teaching in our schools, is the very essence of Americanism, the concept that the Creator, not the State, is sovereign and the endower of man's rights.[1] No socialist or statist can, with consistency, say a kind word about our Declaration of Independence – except perhaps to praise its literary excellence – for this document derives individual rights from the Creator and proposes a government with no functions except to secure each of us in these rights.

Once our moral and spiritual foundations are destroyed, it is relatively easy to pervert our political and economic institutions. The Constitution and the Bill of Rights, designed to protect the individual citizen against the excesses of government and of the majority, have been so twisted by political interpretation that they now promote governmental excesses at the expense of the citizen.

And what of the free market? Willing as distinguished from unwilling exchange is its essence. Market exchange is consistent with the moral precept that no person shall do unto others that which he would not have them do unto him. But, what is willing about the forcible exchange of the fruits of one's labor for many thousands of police grants-in-aid disbursed all over the earth through socialist and communist governments? Or, to finance projects in our homeland in which one may have no interest, indeed to which one may be utterly opposed? The American market today is a politically rigged market! Freedom of choice as to what one does with one's own income no longer exists as a right. The State is sovereign and confers rights and privileges! Government has been turned from its true purpose of protecting citizens against plunder and has become the plunderer itself.

We must bear in mind that the turnabout from moral to socialistic principles has been accomplished by almost imperceptible changes, hardly a one of which has been thought of as disaster – except by a few highly discerning individuals.[2] But the cumulative effect is catastrophic. In concluding these ideas about the nature of social-

[1]See the chapter, "Historical Approaches to Ideal Government" in *Why Not Try Freedom?* by Leonard E. Read. Irvington-on-Hudson, N. Y.: Foundation for Economic Education, Inc. Single copy on request.

[2]One of these few was the late John W. Burgess, founder and for years the head of the Political Science Department of Columbia University. See his book, written 35 years ago, *Recent Changes in American Constitutional Theory.* Irvington-on-Hudson, N. Y.: Foundation for Economic Education, Inc. $1.00 paper; $2.00 cloth.

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istic disaster, and the darkness in which it is cloaked, let us reflect not merely on the millions of individuals who have been shorn of their competence and their opportunities to develop as human beings, but on what has happened to those other millions who are still among the Remainder. It must not be thought that these, even though still vigorously active and, to all outward appearances, prosperous, are getting off unscathed. Indeed, looked at from the long view, what's happening to this Remainder may be the sorriest phase of the spreading socialistic disaster.

Wasted Talent

In South America recently, I came upon one of the most brilliant persons it has been my privilege to meet. How is his brilliance in the economic sciences being employed? He is selling his services to people of means, demonstrating how they can evade the existing interventionism and, by so doing, become more, not less, wealthy. Interventionism has diverted this individual from the creative career that might have been his to a traffic in wealth by stealth. It is disaster when the cream of the human crop are seduced thus to employ themselves.

Here at home there are vast armies of lawyers, accountants, tax experts – with the highest of I.Q.'s – devoting their earthly existence to this same kind of trade, employing their brilliance to keep the pains of interventionism from their clientele. And, on the other hand, we observe vast armies of equally brilliant individuals serving in the "influence" trade, helping their clientele "benefit" from interventionism. And from our moral leaders and our clergy, very little rebuke for this traffic in political privilege.

Most telling, perhaps, is the knockout blow dealt the business and professional elite. Among this group are men whose capacity for abstract thought is the equal of the best academicians. These persons are students of liberty. They understand the rationale of the free market, private property, limited government philosophy, and are sensitive as well to its ethical and spiritual implications. But however ably they may articulate this philosophy in private, how few of their number dare say publicly and bluntly that which they know to be right! They feel compelled to adopt a wishy-washy public relations position aimed at offending no one – and make no mistake about it, the forthright spokesman for liberty does on occasion offend!

So what we get on nearly every hand from people who are regarded as business spokesmen, are watered-down endorsements of

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qualified "free enterprise"; "safe" rather than sound counsel, mere verbalisms and banalities designed to placate the interventionist powers. In short, interventionism seriously, widely, and effectively deletes an intellectual and spiritual quality without which a good society cannot be maintained.

Add together all the persons who acquire a vested interest in intervention, their potential moral leadership thus being lost to the cause of freedom and righteousness, and we have here a disaster of incalculable proportions. "Who can measure the nervous strain, the time and energy spent in the struggle with the market on the one hand and officialdom on the other?" asks Wilhelm Roepke. "The real reckoning," he says, "is made in the consulting rooms of our cardiologists and nerve specialists. Who can measure the sum total of content, satisfaction, well-being, and fulfillment that is daily and hourly being destroyed?"

Private gain of some at the expense of others – an essential tenet of socialism – is nothing short of legalized evil. Its practice, like widespread grand larceny, can be expected to result in overt disaster. But if we are unable to discern the present and continuing disaster, let's not say that the principle of retribution is no longer in operation. Rather, let us look to our own myopia. • • •

IDEAS ON LIBERTY

Self-Reliance

Many roads may lead my feet
But I alone must choose
Each lane, each measured, purposed beat
From maps which I'll peruse.
No other man can truly lead
My life instead of me.
For I must take my reins in hand
The better off to see
The reason for the trek I make;
The purpose; To what end
I keep my faith in God and man
That I alone must mend.

ANN TERRILL

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An important key to greater freedom and less control of our lives by others is that each does his best . . .

—And Then Some

E. J. RITTER, JR.

A RETIRED business executive, asked the secret of his success, replied: "I discovered at an early age that most of the difference between average people and top people could be explained in three words. The top people did what was expected of them — *and then some.*"

The ability to rise to the occasion is the mark of champions in every field. An example is the "finishing kick" of the distance runner who has matched his opponent stride for stride into the stretch and then, a few yards from the tape — though just as winded and weary — manages to continue to run just as fast as his rival, *and then some.* Football touchdowns are scored by ball carriers who, in the arms of tacklers seemingly just as strong, forcing them back, are able to push goalward just as hard, *and then some.* The conquerors of Mt. Everest did what many preceding parties had done to a point — *and then some.*

So it is with the business struggles of every day. The big winners, the ones who scale the peaks and bring home the prizes, are those who have the vision, energy, and determination to do the usual, routine tasks — *and then some.* The successful advertiser doesn't stop or let up when he's pretty sure his line is well-known. He reminds buyers. His products are presented as attractively and regularly as his competitors' — *and then some.* Free to do as he pleases, he succeeds and prospers because he pleases to do more. Every store owner, too, has almost complete freedom of choice in operating his own establishment. He can close at any hour he pleases, or keep open a little longer. He can unlock his doors when others do, or a little earlier. In many respects he is under small or no obligation to meet competition for, if he so desires and acts, he need not succeed or prosper. In a general way, the same observations apply to clerks, salesmen — inside or outside — stock handlers, carriers, every individual whose efforts help make or break a busi-

Mr. Ritter is an accountant, free-lance journalist, and author from Flint, Michigan.

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ness. No one has to succeed; no one has to do well or advance; everyone can quit or get fired if that's what he prefers.

Every person and every group in each industry does more or less the same things a good deal of the time. In every business there is a certain regular, humdrum, day-after-day standard routine – the sort of required activity that is necessary for simple survival. Mere existence demands the performance of certain prescribed functions which may be partially or wholly carried out in careless, perfunctory fashion. The nine-to-five employees, the "clock-watchers," the workers who do only – and sometimes considerably less than – what they are specifically paid for will never again see the possible customers who turn away, disappointed, when they find the store doors locked a few minutes after stated opening or before closing time, or who are hurried away by some clerk more eager to get home or to keep a personal engagement than to extend a welcome and serve with a smile. They will not know how many potential buyers they have driven elsewhere, perhaps permanently, or how much good will they have lost for their employer who, through the payment of their salaries, is supporting their families and who can continue to do so only as long as his establishment can keep on attracting and holding customers and good will.

Every business has in it large numbers of do-your-job-only people. Without them, the wheels of industry could not turn, but they would spin far more rapidly and smoothly if a change of attitude could be induced by an awakening to the opportunities for the bigger financial rewards and greater personal satisfactions which accompany complete willingness, or alert eagerness, to go beyond minimum expectations – to do what is expected, *and then some!* And it's much pleasanter to go home, after work, with a feeling of conquest instead of frustration. A problem solved, a new customer acquired, additional good will created for one's establishment – these are the joys of existence. Nearly everyone goes home tired. How many go home happy? Certainly, the happiest are those who have done what they were expected and paid to do, *and then some.*

It has been well said: "Hats off to the man who is a little better than his word, a little more liberal than his promise, a little larger in deed than he is in speech."

Hats off to everyone who, every single day, in business or out of it, does his or her very best – and then some! • • •

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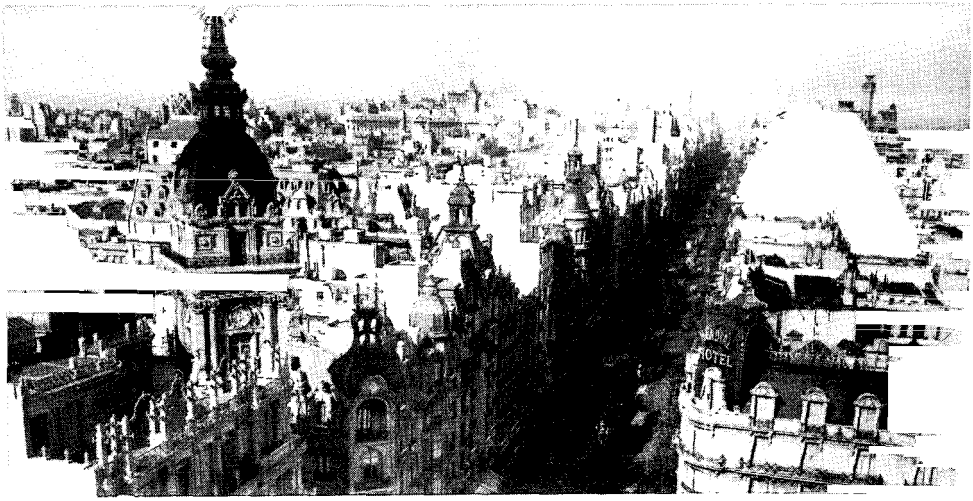

...au, N. Y.

Buenos Aires - No Place to Live

DAVID SMYTH

WHEN OUR FOREFATHERS set out to define their ideal of a free society in Argentina just over a hundred years ago, they did not make the mistake of basing the Constitution they drew up on the sovereignty of the government. They knew that when the executive, the judge, or the lawmaker are sovereign, the whole structure of the free society is balanced precariously on the good intentions of those in power and must soon fall into the chaos of tyranny.

Neither did they establish the Constitution upon the sovereignty of the workers or the farmers or the businessmen or any particular group of men, because they knew that the special privilege of a chosen few means the downfall of the free society into the anarchy of conflicting groups.

The members of the constituent assembly of 1853, therefore, gave us a Constitution which on the one hand strictly defines the limits of governmental power, and on the other, establishes the equality of all before the law. But what they could not foresee was that their descendants of today, forgetting that the limitation of governmental power is the only guarantee of individual liberty, and that the equality of all before the law is the only hope of social concord, would allow these constitutional

Mr. Smyth is a free-lance journalist in Argentina.

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principles to be undermined by arbitrary governmental measures on the one hand and by special privileges for certain favored groups on the other.

Property Rights Denied

It is sufficient to examine only one typical violation of these principles in order to see what the consequences will be. The Constitution explicitly states, for example, that every inhabitant of this country has the right to own and control his own property. Then one fine day, about ten years ago, the government enacts a law freezing all rents at a certain low level and forbidding all evictions. In other words, this law flatly denies that anyone renting his own house to somebody else has the right to use or control his own property – a clear violation of a constitutional principle whereby the government, overstepping its constitutional limits, decrees that tenants are to become a privileged group.

The justification of this rent law is based on two suppositions: in the first place, that all tenants are poor, which is not true, because there are many wealthy people who enjoy the advantage of paying a ridiculously low frozen rent, and in the second place, that all house owners are rich, which is not true either, because there are many people who have scraped and saved in order to build a house, only to have it put into the hands of their well-to-do tenants.

Does Rent Control Help Tenants?

Nevertheless, so as to give this rent law every possible chance of proving its intrinsic merits, let us forget for the moment that it is a violation of constitutional principle, let us grant that its enactment is perfectly justified, let us concede that its application causes no individual wrongs, let us suppose that it is not kept in force merely as a vote-catcher, and having granted all this, let us go straight to the heart of the matter: the purpose of the rent law is to make things easy for tenants. Does it achieve this purpose or does it not?

Ask anyone who has hunted for a house or an apartment for rent in Buenos Aires or its surroundings during the last ten years whether he has had an easy time of it, and you will be answered with alacrity, and possibly with profanity as well. The fact is that people who are unable to pay an exorbitant sum cash down as key money, or who are not willing to supplement the controlled rents with hefty extra payments under the counter, simply don't find any place to live. And the reason for this is very simple – there are no new houses for rent.

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Builders Are Discouraged

As long as such a rent law remains in force (or even if it is repealed, as long as the suspicion remains that it might be reinstated) it is obvious that nobody is going to build any houses for rent. Only an idiot would invest 200,000 pesos in a house for a return of 300 pesos a month, and this particular kind of idiocy is extremely rare in Argentina. No new houses are being built, the old ones are not being repaired, builders are not getting any contracts, there are no jobs for construction workers, and in the meanwhile there is no solution in sight for the housing shortage which is getting worse and worse as the population increases.

It is evident therefore that, quite apart from all the other objections that might be raised against it, this rent law does not even achieve what it is supposed to achieve. The tenants who enjoy the privilege of controlled rent become ever fewer as time goes by, the plight of the old owners becomes worse and worse as the inflation spirals upward, new owners quite naturally do not come forward to share their plight, and the ever-increasing multitude of people who want to rent a house or an apartment get more and more desperate as the housing problem worsens.

But this is not the only consequence of the rent law, nor is it the worst. Having admitted that the government is empowered to grant special privileges to a limited group of tenants, why should building contractors, construction workers, or would-be home builders not be entitled to demand similar privileges? If the people who want to rent a house or an apartment are denied the chance of doing so, does it not seem right that the government should hand out easy credits to enable them to build themselves? If the builders are prevented from obtaining private contracts, does it not seem right that the government should help them out with public funds? If private enterprise is discouraged from providing jobs for construction workers, does it not seem right that the government should do so? And if it is right to do all this, is it not then necessary to increase taxes so as to raise the money needed to finance it all, to hire an army of bureaucrats to administer the program, and to widen the powers of government even further?

An Endless Chain

It is all too clear where this is taking us — an irresistible current is set in motion whereby all the multifarious groups of special interests in our society are impelled

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to run to the government for the solution of all their problems. And the government, having created most of the problems in the first place, then tries to solve them by handing out the money which it must necessarily take from those same groups either through taxes or through inflation. The government, therefore, becomes more and more all-powerful as the rent law leads to the need for easy-building credits, and easy-building credits lead to the need for assisting building contractors, and so on and so on in an endless chain, so that more and more groups of special interests are drawn into the struggle to get in first with their demands for government handouts.

But in point of fact, privileges granted by the government merely aggravate, as we have seen, the very problems they set out to solve. The reason for this is obvious: halfway solutions are no solutions at all. If we really want to finish with the housing shortage once and for all, we must take one of two courses: either we must set private enterprise free to build more houses by unfreezing rents, or else we must put the government into the building business. What is absolutely absurd is that the government should discourage private building and at the same time neglect to take upon itself the task of building. In the end, we must choose either one or the other.

No Halfway Solutions

In more general terms, the ultimate choice before us is this: if we do not like the constitutional guarantee that every inhabitant of this country has the right to own and control his own property, then we must strike it out and write a new Constitution putting all property into the hands of the government. In the long run, there are no halfway solutions.

On the road we now travel it is evident that we shall inevitably fall into the power of the kind of government which owns everything and controls everybody. For the ideal of the free society which our forefathers enshrined in the Constitution to be demolished, it is not necessary that tyranny should triumph by armed aggression from without or anarchy by violent subversion from within. All that is needed is that we ourselves should allow the growing power of government to crush individual liberties. Let social concord be destroyed by special privileges violating the equality of all before the law, as we are now doing, and we shall inevitably slide by insensible degrees into anarchy, bureaucratic tyranny, and poverty. • • •

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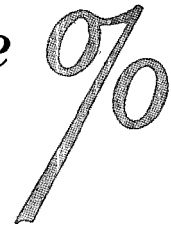
Part of the problem when government grows out of bounds:

How To Increase Tax Revenue



JAY MORRISON

MOST great American fortunes have been made, not by sales of high priced goods or services to the rich but by volume sales to masses of people. This is a fact worthy of further consideration by legislators and others responsible for raising the funds needed for governmental operations.

What the size and scope of government ought to be is also a grave question. But, presuming a government of any given size — say the government that prevails — still leaves the knotty problem of raising the required revenue.

Many people believe the individual income tax of our federal government derives a large amount of revenue because of its "progressive" nature. By "progressive" is meant a higher *rate* of taxation upon larger incomes. For example, under the tax rates as they now stand a taxpayer with from $1.00 to $2,000 of taxable *net* income (that is, income remaining after subtraction of all deductions and exemptions) is required to pay a tax of 20 per cent of that "net taxable income."

A taxpayer with a net taxable income in excess of $2,000, but less than $4,000, has to pay 20 per cent on the first $2,000, i.e., $400, plus 22 per cent on the amount of "net taxable income" in excess of $2,000. Thus, if a taxpayer has a net taxable income of $3,000, he pays a tax of 20 per cent on his first $2,000 of income ($400) plus 22 per cent of $1,000 ($220) or a total of $620.

Of this amount, $600 may be said to result from the *basic tax* of 20 per cent and $20.00 from the progressive tax.

The rate of the progressive tax steps up rapidly. Thus, for an individual having a net taxable income of $30,000 the total tax would be $13,220 of which $6,000 would be due to the "basic rate" of 20 per cent and $7,220 would result from the "progressive" tax.

Let's take another example.

Mr. Morrison of Seattle has recently retired as an official of Boeing Airplane Company.

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Suppose an individual has a net taxable income of $100,000. His tax would be $67,320. Of this $67,320, only $20,000 would be derived from the basic rate of 20 per cent, and the remaining $47,320 would result from the "progressive" portion of the tax.

As the income increases, the rate of taxation upon the upper increments mounts even higher until, upon that portion of an individual's net income in excess of $200,000 in a year, a tax of 91 per cent is levied.

Clearly the federal tax upon individual incomes is designed "to get a lot of money from a few people." Since there are *few* people so rich as to have large incomes, it is a tax to fall heavily on the *few rich.*

But does it? Does it "get a lot of money from a few people"?

Higher Rates Yield Little Revenue

The table opposite shows the yield of the *basic* tax rate and that portion of the total revenue derived from the progressive element of the tax.

Thus, we see that, of the total taxes collected, 84 per cent comes from the "basic" rate of 20 per cent. Only 16 per cent of all the money collected on the individual income tax is attributable to the "progressive" portion of the tax – even though the rates increase steeply to the fantastic figure of 91 per cent.

The attempt "to get a lot of money from a few people" hasn't worked.

If the "basic rate" were increased from its present 20 per cent to 24 per cent – and all the "progressive" element repealed – the tax would yield a larger revenue to the treasury than it does now. It would do so even if the taxpayers in the higher brackets of income were to continue their use of all the devices they now use to avoid payment of the onerous "progressive" rates of tax.

Devices To Avoid Taxes

There are several such devices or vehicles of avoidance of individual income taxes. One – perhaps the most important one – is investment in bonds of states, counties, municipalities, and other quasi-public bodies having the legal power to issue bonds the income from which is exempt from federal taxation.

The amount of state and municipal bonds outstanding exceeds 45 billion dollars. Such securities are purchased in many cases by individuals of large income to avoid the onerous rates of the "progressive" tax.

For example, the tax exempt bonds of the Water Department of the City of Seattle recently sold

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ESTIMATED DISTRIBUTION OF TAX RATES AND YIELDS BY BASIC AND PROGRESSIVE ELEMENTS OF RATE STRUCTURE, FISCAL YEAR 1956

(Tax Amounts in Millions)

Net Income Bracket (Thousands)	Taxable Income	Rates	Basic Tax	Progressive Element	Progressive Tax	Total Tax
$0 - $2	$88,526*	20%	$17,705	....	....	$17,705
2 - 4	13,890	22	2,778	2%	$278	3,056
4 - 6	5,494	26	1,099	6	329	1,428
6 - 8	3,346	30	669	10	334	1,003
8 - 10	2,321	34	464	14	324	788
10 - 12	1,679	38	336	18	302	638
12 - 14	1,309	43	262	23	301	563
14 - 16	914	47	183	27	246	429
16 - 18	765	50	153	30	229	382
18 - 20	654	53	131	33	215	346
20 - 22	519	56	104	36	187	291
22 - 26	840	59	168	39	327	495
26 - 32	827	62	165	42	347	512
32 - 38	531	65	106	45	239	345
38 - 44	383	69	77	49	187	264
44 - 50	284	72	57	52	147	204
50 - 60	272	75	54	55	149	203
60 - 70	185	78	37	58	107	144
70 - 80	123	81	25	61	75	100
80 - 90	86	84	17	64	55	72
90 - 100	62	87	12	67	41	53
100 - 150	185	89	37	69	127	164
150 - 200	74	90	15	70	52	67
200 & over	210**	91	42	71	149	191
	$123,468		$24,696		$4,747	$29,443
			83.9%		16.1%	

*Included on this line is the first $2,000 of each taxable income reported, no matter what the individual's total income.

**This figure includes only that portion of taxable incomes exceeding $200,000. The first $200,000 of any income has been apportioned to the preceding brackets.

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to yield the investor less than 2.2 per cent per annum. Such a yield would have little attraction to an investor had the income been subject to tax. But to a man with a taxable income of, say, $30,000 a year, the 2.2 per cent tax exempt net income is the equivalent of a taxable yield of nearly 6 per cent. Investments of equal safety with 6 per cent yields are not available.

Advantages of a Proportional Tax

Were the maximum rate of the income tax reduced to 20 per cent – the present basic rate – there is sound reason to believe the revenue to the treasury would be increased – *not* decreased.

The billions of dollars now seeking and finding refuge from the confiscatory "progressive" tax rates would cease to hide in tax exempt bonds, tax exempt "charitable and educational" foundations, and other legal devices to avoid the attempt of the government "to get a lot of money from a few people." These devices would disappear.

As a measure to achieve revenues, the steeply progressive element of our individual income tax is a failure. Its very steepness stimulates its avoidance. The way to get revenue – increased revenue – to our treasury is to abolish the progressive feature.

Our treasury can follow the example of our successful industries and merchants if it will adopt the policy of getting "a little money from a lot of people."

Even now the basic 20 per cent tax takes in 84 per cent of the revenue and the entire "progressive" portion yields only 16 per cent. • • •

IDEAS ON LIBERTY

Killing the Goose

A GOVERNMENT can tax people only up to a certain point. Beyond that point the law of diminishing returns sets in with a vengeance. People need hope and incentive in the struggle for livelihood. These are destroyed if taxes are excessive and the production or business that gives tax revenues is soon killed.

I remember reading about the communists' take-over in Hungary. They ordered a tremendous increase of the output from the oil wells. Engineers told them if a well is pumped too fast and not given periods of rest, it is likely to blow into gas and stop the flow of oil. Ignoring the caution of experienced engineers, they got their "increased production" but at the cost of destroying sources. Tax revenue is very much like an oil well. A sensible assessment brings a flow into government coffers. An excessive drain is bound to dry up sources.

MARK TENNIEN, *No Secret Is Safe*

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THE Myth OF FEDERAL AID

RALPH BRADFORD

"There is no such thing as federal aid."

TO MAKE that statement flatly, as this writer has done frequently of late in addressing audiences of business people and others, is to invite quick challenge, angered denial, or sheer, uncomprehending incredulity.

How, in the face of so much physically visible contrary evidence, can anyone in his senses make such an assertion? Clearly, the national treasury has been tapped many times; plainly, the federal government has "aided" states, regions, municipalities, individuals, corporations, and economic groups to the tune of billions.

Yet I keep making the statement – and having done so I find, as so often happens, that other men have made it also, just as flatly and literally. I refer to no less an imposing group than the members of the House of Representatives and Senate of the sovereign State of Indiana.

In January of 1947 they passed a Concurrent Resolution that brought them almost overnight into the limelight of national attention and editorial acclaim. The Resolution (see page 33) was a kind of Hoosier Declaration of Independence and Self-Reliance – independence from Washington and reliance upon their own skills, energies, labors, and resources.

It was not surprising that such a document should issue from the Hoosier State where those principles of conduct that are usually referred to as the homely virtues have long been emphasized. The philosophy of eat it up, wear it out, make it do, and do without, supposedly a product of the New England *mores*, is equally at home in Indiana.

Partly, this is innate; partly, it is due to good leadership–political and economic. At a time, for instance, when many chambers of commerce were hot upon the quest for Washington handouts, the Indianapolis chamber under the

Mr. Bradford is a well-known writer and business organization consultant.

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guidance of its clear-visioned executive, William H. Book, was fighting to keep federal funds *out* of Indiana. At a time when many business organizations were trying to wangle all kinds of government offices for their cities, the Indianapolis chamber waged a notable battle to force the U.S. Department of Commerce to close up its Indianapolis office and go home!

A Precedent

In such an environment, it is not surprising that the Hoosier legislators, relieved from at least one of the pressures that so often push toward big government and big spending, came out with their precedent-setting Resolution. It is not surprising either that they recognized there is no such thing as federal aid!

To be sure, they might with equal pertinence have avowed that there is no such thing as state aid for the counties and communities within the state. Just as they recognized that "there is no wealth to tax that is not already within the boundaries of the 48 states," so they might have seen (and probably did see) with equal clarity that Indiana has no wealth to tax that is not already within the boundaries of its 91 counties.

However, they were not trying to write a treatise, but to assert a principle; and this they did in ringing terms that might well be heeded by the legislatures of the other states. Nor was it a mere rhetorical gesture; for when the Bill for Federal Aid to Education, refurbished as an "emergency measure," was recently up for consideration, it remained for Senator Jenner of Indiana to announce that Indiana didn't need, and therefore didn't want, the federal money; and to be sure that nobody could mistake his meaning, he put an amendment on the bill specifically excluding Indiana from its so-called "benefits."

Why They Did It

Are these Hoosiers crazy people, or is there maybe a very sane and down-to-earth method in their apparent madness? Let us examine this question of "aid" for a moment, considering it first in its personal application.

If I want to expand a business, enlarge a home, write a book or carry on a research project, but do not have enough funds of my own to see me through, and if you make me a loan or gift of a sufficient amount, then you have aided me in accomplishing what I wanted to do.

Suppose, however, that you have no money of your own and are not capable of earning any, but that you do have a large income by

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85th General Assembly

STATE OF INDIANA

HOUSE CONCURRENT RESOLUTION No. 2

INDIANA needs no guardian and intends to have none. We Hoosiers—like the people of our sister states—were fooled for quite a spell with the magician's trick that a dollar taxed out of our pockets and sent to Washington, will be bigger when it comes back to us. We have taken a good look at said dollar. We find that it lost weight in its journey to Washington and back. The political brokerage of the bureaucrats has been deducted. **We have decided that there is no such thing as "federal" aid. We know that there is no wealth to tax that is not already within the boundaries of the 48 states.**

SO WE PROPOSE *henceforward to tax ourselves and take care of ourselves. We are fed up with subsidies, doles and paternalism. We are no one's stepchild. We have grown up. We serve notice that we will resist Washington, D. C., adopting us.*

BE IT RESOLVED *by The House of Representatives of The General Assembly of the State of Indiana, The Senate concurring:* **That we respectfully petition and urge Indiana's Congressmen and Senators to vote to fetch our county court house and city halls back from Pennsylvania Avenue. We want government to come home.** *Resolved, further,* that we call upon the legislatures of our *sister states* and on *good citizens everywhere* who believe in the basic principles of Lincoln and Jefferson to join with us, and we with them to restore the American Republic and our 48 states to the foundations built by our fathers.

ADOPTED BY HOUSE, JANUARY 13, 1947
ADOPTED BY SENATE, JANUARY 22, 1947
INTRODUCED BY MR. GEORGE HENLEY OF BLOOMINGTON AND MR. LOTHAIR TEETOR OF HAGERSTOWN

This resolution was drafted by the former Hoosier congressman, Samuel B. Pettengill, at the request of Messrs. Henley and Teetor.

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virtue of possessing the power of compelling me and millions of others to pay you each year a substantial portion of our earnings. Is it "aid" then, when you graciously hand me back, earmarked for some specific purpose, a portion of the money which I, through many years, have been paying to you?

This is what happens when the government "aids" a community or a state – but it is surprising how many people do not understand this. A few months ago I heard the mayor of a great city denounce as reactionaries those who expressed doubt as to the wisdom and justice of using federal funds for local "urban rehabilitation." However, he was a politician who had been nurtured in the grab-gimme-and-charge-it-to-our-grandchildren school, and his attitude was to have been expected.

Disregard the Taxes!

Of deeper significance was the performance of a high school senior with whom I recently spent some time. This student was alert and personable but had apparently been exposed to the big-spending ideas of a "liberal" teacher. Our talk turned one evening to the matter of foreign aid, and the student at once became impatient and spoke scornfully of those who would curb foreign aid spending on grounds of economy.

Without debating the foreign aid question as such, I did undertake to explain to this student that it was not necessarily a sign of ignorant selfishness for citizens to be concerned about the economic and possible political effects of big debt, big deficits, big borrowing, and big inflation; and I defended the anxiety of the average taxpayer who is worried about the increasing share of his earnings that is being taken in taxes. At this point the student interrupted me:

"What have taxes got to do with it? The government doesn't have to supply foreign aid out of tax money – let it use some of its other income."

Its other income! Does this sound unbelievable? Yet I assure you it happened – and before you and I begin to condemn our educational system for turning out such a poor high school product, we'd better recall that a great many adults who have gone through high school *and* college, and who have subsequently had a great deal of practical experience, express essentially the same attitude. They may not be quite so naive about the sources of governmental revenue; but the net effect is the same when they say, "Our city got this new building

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erected with federal money – *it didn't cost us a cent!*"

Such people might be helped to a clearer understanding of financial reality if they could be brought to remember that governments always tend to get bigger and grow more complicated. As expansion takes place, many people are employed – to collect taxes, keep records, act as policemen and soldiers, and staff the constantly increasing and proliferating agencies.

Pressure To Spend

Human nature being what it is, government is under continual pressure to provide services additional to those originally contemplated or implied. Also, while those in charge of government – the men and women who are its custodians and administrators from time to time – will not hesitate to employ force to collect the imposts they have levied upon the people, they will nevertheless desire that those who must pay shall be kept as contented as possible; and so they will invent and offer new "services" in addition to those demanded.

Some people will be given a guarantee against unemployment. In some cases, old age pensions will be provided. It will be decided by somebody in the government that certain citizens are entitled to more liberal loans than commercial banks are permitted, not only by sound economic practice but by law, to make them; and so the government will go into the banking and lending business. It will be decided that those who are engaged in certain types of occupation require special assistance, and so their operations will be subsidized – which means that the government will take money that has been paid in by all the people and use it for the special benefit of some of the people.

All this will lead to constantly increasing governmental expenses. But the services promised sound pretty good to those who do not think beyond them to their consequences; and when actually rendered, the services seem pretty good to those receiving them; and so most people will not object too much when it is announced that their rate of tax payment must be higher to meet the increased costs which government has been incurring on their behalf. Thus, year by year, the portion of their earnings that is taken away from them increases until it exceeds a third of all they make collectively, and in many individual cases is very much higher.

Inevitable Deficits

Presently a point is reached where the government is spending

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more than it is receiving in taxes, and it is forced to go into debt for the difference. Forced? Well, that's what is said. Of course, the government could cut down on the services; it could even eliminate some of them entirely. That is what you and I would do if a similar situation arose in our personal affairs. But people have grown accustomed to the "benefits" promised or delivered; so if the idea of retrenchment is advanced, it is put resolutely to one side by government administrators.

They justify their attitude by uttering one or more of the clichés that have become current. They remark scornfully that they don't want to go back to the horse and buggy days. They are emphatic about the dire effects of turning back the clock. They proclaim solemnly that we must not worship at the shrine of a balanced budget – thus implying that a belief in solvency is a species of idolatry.

The outcome of all this "logic" is to go into debt. This is done in several ways, the most common being through the sale of bonds to all who can be persuaded to buy them. In simple terms, the government gives to the bondholders, in return for their cash, its promise to repay them at some specified future date. Given a reasonably stable currency, these bonds are a good conservative investment; but when a government by its fiscal policies encourages inflation, the bonds at maturity will be worth less than their face value in terms of what they will purchase. Furthermore, they bear interest, which adds still more to the annual cost of running the government.

Sooner or later, in addition to all the other services and financial handouts which are being given to certain individuals and groups, a new method is introduced for transferring money which has been collected from all into the pockets of some. Perhaps those who are to benefit (as they think) dream it up, or maybe government administrators themselves originate it in order to forestall dissatisfaction or criticism. However that may be, the new idea (or rather, the *added* one for it is as old as the pyramids) works out something like this:

A Village Water Problem

Jim Brown of Brown's Corner and the two hundred people who, with Jim, make up the population of that thriving village, are faced with a problem. The water table in their area has been lowered through a number of drought years, and they need a new deep well for their village water supply.

Right here it can be argued that

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it is the responsibility of every householder to provide his own water and that this is not the function of government at any level. However, we are not contemplating a theory but a condition, and the condition is that the people of Brown's Corner have elected to provide their water cooperatively, through the machinery of their village government.

To have their well drilled and cased and fitted with a suitable deep-well pump and supplied with an adequate storage and pressure tank is going to cost them, say, $35,000. They were preparing to call an election to vote bonds and assess a special water tax against their several pieces of property, this being the normal and traditional way to finance such facilities. But then one of them has a bright idea.

"Wait a minute," he cries. "Why don't we apply to the government for the money? We can make a case for sanitation and so forth. Those fellows at Washington put it out for nearly everything else; why shouldn't we get our share?"

Hooray! A Daniel come to judgment! Here's a chance to get something for nothing! And so they come to that group of fellow human beings who are, for the moment, "the government." The need for water at Brown's Corner is quite apparent, and furthermore the Brown's Cornerites are a rather influential group in a critical political area. And anyway, if granting their request should run the budget into the red, a few more bonds can always be issued! So they get the money.

Someone Must Pay

They get the money – and there is great and gleeful rejoicing at Brown's Corner. "Oh boy," they gloat, "lookit what we did! We got our new well and all its equipment free, gratis, and for nothing. It was financed with federal money and didn't cost us a cent!"

They entirely overlook the fact pointed out by the astute Hoosiers in their great Resolution – namely, that every dollar they received had first been paid into the central government by the people of Brown's Corner and hundreds of villages like it. Then it had been attenuated by the expense of maintaining the huge federal establishment. Finally a few anemic pennies out of each dollar paid in trickle back wearily to Brown's Corner to finance the water works – and the Brown's Cornerites go delerious with joy over the "aid" they imagine they have secured!

And if it be argued that in this case the wily citizens of our imaginary village, through pressure or chicanery, have actually succeeded in getting back more than they

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have paid in – what can be said of them except that *they ought to be ashamed of themselves?*

For what they have done, in that case, is to compel the people of all the other towns and villages in the country to help finance a facility that is of interest and benefit solely and exclusively to the people of Brown's Corner.

The cumulative long-run effect of such proceedings is that an increasing number of other towns and villages will try to get even by putting in *their* claims; and the result is a continuing scramble to see which can wangle the biggest piece of change from the federal treasury. More deficits, more borrowings, more credit, more money, less value, more inflation, ad infinitum.

Liberty Is Lost

Who has benefited? Is it Jim Brown, whose yearly tax payment has probably increased while the value of his money has almost certainly decreased? Is it the president and stockholders of the Brown's Corner Knitting Mill, which must already pay out in federal taxes more than half its profits before it can return anything to those who risked their money to get it started? Is it the carpenter or lathe operator or pipe fitter or plasterer whose taxes and living costs have been boosted and whose dollars have shrunk still further in terms of what they will buy?

We have considered this matter in these paragraphs primarily from the surface angle of cost and tax consequences. Actually, the myth is not so much that of federal aid as it is the myth of governmental superiority to free market action. It is all part of the omniscient-and-omnipotent-government fable – a fable that has often led and can lead again to bitter disillusion.

But we need not apologize for our concern with taxes and costs, for these factors, too, are at the roots of freedom. There can be no personal liberty in a bankrupt state.

There is no such thing as federal aid. • • •

IDEAS ON LIBERTY

The Importance of the Means

LET NO MAN turn aside . . . from the broad path of honor, on the plausible pretext that he is justified by the goodness of his end. All good ends can be worked out by good means. Those that cannot are bad; and may be counted so at once, and left alone.

CHARLES DICKENS, *Barnaby Rudge*

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nature's laws and man's laws

He that tilleth his land shall have plenty of bread: but he that followeth after vain persons shall have poverty enough.

PROVERBS 28:19

WILLIAM H. PETERSON

THE LAW OF LIFE works infallibly. In 8 minutes and 20 seconds a life-giving ray of the sun hurtles the 93,000,000 miles (at the fantastic speed of 186,000 miles per second) from the sun to the Iowa farm envisioned in Grant Wood's painting, *American Gothic*. The ray is one of an infinite number which have made such a trip through the eons of time, drenching and renewing the land of milk and honey in Biblical Canaan, the vineyard in Roman Gaul, the manor in medieval England, the rice paddy in present-day Burma, the farm in modern Iowa.

In all, the basic biology of life is the same: sun and water, seed and soil.

The Iowa farmer deposits a kernel of corn, one of countless, an inch or two in the soil, into the womb of Mother Earth. The elixir of life begins; sun, soil, and water break through the tough-shelled tomb of the seed; the corn seed, very much alive, explodes roots downward and a stem upward. Against relatively enormous weight, the minute stem pushes aside tiny stones, dirt, and debris, and pierces the earth's crust seeking, mysteriously, the life-sustaining rays of the sun.

On the ground a small whitish plant emerges, fragile but alive and vibrant, beautiful to the eye and delicate to the touch. Soon, breathing air, absorbing water, defying gravity, the at-first insignificant corn stalk soars majestically, a triumph of Nature's engineering and architecture, turning to the sun and bending with the wind. Then ears and tassel and the seeds with which to begin again the endless cycle of growth and regrowth, and for man the age-old process of cultivation.

Meanwhile, locked in the harvested ears of corn is the life-giving energy of the sun transmitted

Dr. Peterson is Associate Professor of Economics at New York University. This article forms the epilogue to his just-completed book manuscript, The Great Farm Problem.

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at a level no human eye will ever see, probably not even with powerful microscopes yet to be designed. This is photosynthesis: life, substance, energy, transmitted from ray to plant and, ultimately, to animals and humans; life sustaining life, in strict accord with the laws of Nature.

Do such laws regulate the affairs of men? Some 25,000 years ago, man – a crude nomadic hunter, a garnerer of nuts, a berry picker – saw the possibilities of harnessing seed and seasons into a regular pattern of cultivation and harvest, and the problem of *homo sapien's* survival was greatly eased. The laws of Nature were recognized, understood, and applied. The Agricultural Revolution was born, and, more than that, the time and energy and anxiety spent on the eternal hunt for food were released for division of labor, for trade, for capital accumulation, and, later, for reflection on the meaning of life and, eventually, for literature, architecture, art, music, and philosophy. The Agricultural Revolution laid the basis, in short, for permanence, for civilization.

More than 24,000 years later, from the latter part of the eighteenth century until World War I, came the Industrial Revolution and, relatively speaking, laissez faire. The nineteenth century was a remarkable century. It was a century of political liberty, free trade, and the gold standard, a century in which slavery was banished almost the world over and the British corn laws repealed, a century of science, a century of choice, a century of the inherent dignity of the individual. Essentially, no government burned coffee, operated public granaries, issued fiats on permissible acreages, paid farmers not to farm, nor sold surpluses to foreigners more cheaply than to its own citizens. The farmer "was a free man, independent on his own acres, beholden to no one but his God, assured of a living if he only worked hard enough. It was a wonderful dream. It *did* happen. It *is* passing. Now it belongs to history and the poets."[1]

The tragedy of "modern" farm intervention is twofold. One tragedy stems from man's efforts, in a sense heroic, to repeal Nature's laws, to substitute bureaucratic rule for the rule of the market place, to set prices below the market price and decree, vainly, that there shall be no shortages, and to set prices above the market price and assert, again vainly, that there shall be no surpluses. So under the banner of "farm policy," and armed with legislative authority,

[1]Haystead, Ladd. *The Farmer and his Customers.* Norman, Oklahoma: University of Oklahoma Press, 1957. p. 92.

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court orders, administrative directives, and no little courage and smugness, the interventionists commandeer the market place and "adjust" farm prices and ultimately the farm itself. Politics enter. Legislative blocs emerge (e.g., "the farm bloc"). Pressure groups pull this way and that. One intervention fails. A new one is tacked on. The jerry-built edifice wobbles anew. So still more intervention.

A generation of "farm policy" adds up to hopeless tinkering, fantastic losses, planned chaos, a lost war against Nature's laws. The battles have names: The Fordney-McCumber Tariff, the McNary-Haugen Bills, the Farm Marketing Board, the Smoot-Hawley Tariff, the AAA, Soil Conservation, the Ever-Normal Granary, the Food Stamp Plan, 90 Per Cent of Parity, the Brannan Plan, Flexible Parity, the Soil Bank, Overseas Surplus Disposal. The irony is that the farmer to be "saved" wasn't; since the New Deal, one of every three farmers has quit. The exodus from farming, in a sense a triumph of efficiency over bureaucracy, continues to this day.

The second phase of the tragedy of "modern" farm intervention is that it is but a chapter in a much longer but unfinished story; it is a part of a philosophy, a way of life, a return to mercantilism, a recall to the planned society of Imperial Rome. How will the story end?

Many farmers bemoan the loss of their economic liberty but do they bemoan the censorship of a movie in Philadelphia or a play in Boston, the lifting of mailing privileges for a radical weekly? Does the interest of a Jehovah's Witness in freedom of religion extend to an interest in the publisher's concern for the freedom of the press? Does the publisher worry over the worker's loss of civil liberty in having to join a union against his will? Does the worker lose any sleep over the scientist who is denied a passport and hence is unfree to travel abroad? Does the atomic scientist complain when the Japanese-American is put into a federal concentration camp or the Nazi is judged under ex post facto laws?

Freedom is total; as long as man exercises neither force nor the threat of force against his fellow man, freedom exists. The duty of government, then, is to preserve freedom – to use its force only to repel force; the spirit of free enterprise and liberalism will do the rest. The modern dilemma is that competition, the law of supply and demand, however worshiped in the abstract, is nowadays shot through with privileges extended by government and eagerly sought by its citizens.

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The farmer is not alone. Government, as Voltaire noted, has become the art of taking from some and giving to others. The businessman looks for a tariff, the veteran for a pension, the shipper for a subsidy, the worker for a minimum wage, the periodical publisher for an artificial mailing cost, the industrialist for a defense contract, the silver producer for the monetization of silver, the labor official for immunity from the antitrust laws, the elderly for Social Security, the bureaucrat for power, the debtor for inflation, and so on and on, the State ever swelling, the individual ever shrinking.

It is an age of amorality, an age of seeking Something for Nothing, of shedding private responsibility and becoming wards of the State – the Welfare State. It happened before. Rome, for instance, had its "bread and circuses." It tried to repeal Nature's laws – for example, the law of self-reliance and the law of supply and demand. Nature was not denied then. Will she be denied now?

In the words of Ralph Waldo Emerson, more than a century ago:

"The harvest will be better preserved and go farther, laid up in private bins, in each farmer's cornbarn, and each woman's basket, than if it were kept in national granaries.

"In like manner, an amount of money will go farther if expended by each man and woman for their own wants, and in the feeling that this is their all, than if expended by a Great Steward, or National Commissioners of the Treasury.

"Take away from me the feeling that I must depend upon myself, give me the least hint that I have good friends and backers there in reserve who will gladly help me and instantly I relax my diligence.

"Give no bounties, make equal laws, secure life and property, and you will not need to give alms. Open the doors of opportunity to talent and virtue, and they will do themselves justice and property will not be in bad hands. In a free and just commonwealth, property rushes from the idle and imbecile to the industrious, brave, and persevering. The level of the sea is not more surely kept than is the equilibrium of value in society by demand and supply; and artifice and legislation punish themselves by reactions, gluts, and bankruptcies."

In the words of President Grover Cleveland in vetoing federal aid to the Texas drought farmers of his day: "It is the business of citizens to support the Government, not of the Government to support the citizens."

Which will triumph, Nature's laws or man's laws? • • •

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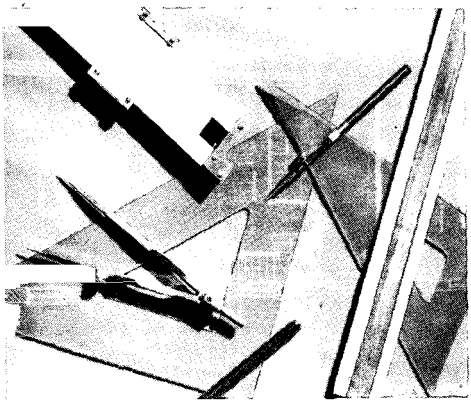

H. Armstrong Roberts

Engineering Education

BEN MOREELL

IF ALL THE THINGS that have been said and written in recent months about scientific and engineering education were assembled in one place, they would constitute the most resplendent "crazy quilt" of diverse views the world has ever seen. At one extreme are those who contend that there are glaring deficiencies in the quality of our educational processes, beginning in the grade school, and that our procedures are such that the least competent are not improved while those with latent talent remain undeveloped. Others hold that what we are doing is without fault but that we need more of everything, more students, more teachers, more classrooms, more equipment, and that all of these deficiencies can be eliminated by massive applications of that traditional American cure-all – more money. Many also seem to believe that if it is *public* money, made available by the federal government, it will be even more effective. Between these two extremes are an almost infinite number of gradations of opinion.

The educational controversy gains heat from the realization that the solutions reached might spell, ultimately, the difference between living as a free people and national extinction.

It seems to me that the first essential is to define our long-range objective. Certainly we need more scientists and engineers; *but we are equally in need of superior talents in all other areas of learn-*

Admiral Moreell, Chairman of the Board, Jones & Laughlin Steel Corporation, was wartime chief of the Bureau of Yards and Docks and Chief of Civil Engineers of the Navy. Organizing, recruiting, training, equipping, and directing the activities of the Seabees, an engineering force of some 10,000 officers and 240,000 enlisted men, afforded him a rare opportunity to appraise the relative values of their educational equipment as measured by quality of performance.

This article is from an address to the Western Society of Engineers at Chicago, May 9, 1958.

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ing. To say that all of our problems, current and prospective, can be solved merely by educating more scientists and engineers is to close our eyes to the lessons of history. "Man shall not live by bread alone," said the Master Teacher; and he asked, "Is not the life more than food and the body than raiment?"

Bases of Sound Education

What, then, is the ultimate objective, the long-range target? I would say that it is the enhancement of human values as measured in terms of *spiritual* and *material* progress. The real worth of every human action must be appraised in those terms. And, the most important instrument available to us for achieving progress toward that ultimate objective is education. We must then face this question: What are the basic essentials of an effective total educational structure?

It seems to me that they are four in number.

First: Good teachers

Second: Good raw materials, i.e., a highly selective system for determining those upon whom the educational effort is to be expended

Third: Proper curricula

Fourth: Bricks and mortar—suitable equipment for use in instruction

An adequate discussion of these four foundation stones would take more time than is available, but I venture to set forth certain brief observations in light of my experiences and studies.

The education of a scientist or engineer begins when he enters grade school. I subscribe wholeheartedly to the poet's judgment:

'Tis education forms the common mind:
Just as the twig is bent, the tree's inclined.

Good Teachers

In this light, let us examine our current situation, first, with respect to teachers. Without good teachers we are sure to waste our "raw material," the students. The good teacher is not self-designated; he is designated by the student. It is not enough that he be learned; he must have learning that can be drawn upon. If I want to learn something, I look for someone who knows more about the subject than I do. And the more his knowledge exceeds mine, the greater his attraction for me. Good teachers always attract those most eager to learn, and they also inspire. Teaching is an art, and every genuine teacher is a special kind of an artist.

When one has something of value, it is natural for him to safeguard and protect it. Have we done this with our teachers?

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I shall not discuss in detail our profligate waste of teaching talent. It is notorious that we have failed to compensate even our best teachers for their labors. Also, we have failed to accord them the respect and standing in the community to which they are entitled. Coupled with this, we have, in many instances, restricted their freedom to teach by confining them in academic strait jackets, devised by the entrenched educationist hierarchy. Many of our most able teachers abandon the profession each year for more rewarding fields. Many who stay do so only for love of the service, and to our own detriment, we take advantage of that devotion. It is well-known that many of our teachers spend a large part of their energies devising ways and means of making ends meet, energies which could be better used to increase their knowledge and their service to the community. Unless the American people are willing to pay a fair price in terms of money, esteem, and academic freedom for the services of our teachers, the quality of education will deteriorate at a time when we can least afford it!

I do not mean to imply that there are no deficiencies in the training and talents of those upon whom we depend to teach our children. I shall have more to say about this later. But I do feel that the standards of compensation are set for the least competent rather than on the basis of individual worth. This is indeed profligate waste!

Good Students

The second essential is the raw material, i.e., students who are able to learn, to mature in understanding, and to develop a sensitive appreciation of the true, the good, and the beautiful. Here in America we have as fine a supply of raw material as can be found anywhere. Our children have a cultural heritage equal to that of any others and superior to many. We have the potential if we can but avoid the error of assuming that all men are born with the same talents and the same capacities to learn and to grow in wisdom. The law of human variation is not man-made, it is God-made — a fact of nature. Just as there were never two human beings born with the same fingerprints, so do no two humans have the same mental, physical, or moral capacities.

If we concede that individualities and inequalities in the physical, mental, and moral characteristics of mankind is God's intent (and there is every reason to believe this), it is evident that any effort to repeal this natural law of variation by means of educational procedures is attempting the

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impossible. We might as well try to repeal the law of gravity.

It is clear that no two students have the same capability of learning; and if we treat them as though they do, we will waste the talents of one or the other or both. The insistence that every educational system take account of individual differences is not to relegate certain people to an inferior status. Every person has aptitudes which permit him to excel in something. An engineer would probably make a poor metaphysician and vice versa, but it is improper to label one man inferior to the other on this ground.

Let me quote here from an authority on this subject, Dr. Roger J. Williams, Director of the world-famous Biochemical Institute of the University of Texas. He said: "It is my confirmed opinion based upon diverse considerations and upon prolonged thought, that one of the most constructive and harmony-producing moves that we, as inquiring human beings can make, is to get acquainted with, in the most scientific manner possible, the inherent differences that exist among members of the human family. . . . Why choose our own schools, our own amusements, our own books, our own church? Why not have someone tell us what to eat, what to drink, whom to marry, and when we can have children? The fundamental reason is that each of us is a different individual — with profound differences — and each of us wants to live his own life. . . . There is not the slightest danger that humanity will put up indefinitely with any scheme which involves thoroughgoing regimentation. It is not human nature to tolerate this. There are too many potential Patrick Henrys, and they will continue to reproduce."

Proper Curricula

And what of the third essential, the curriculum, with which I include the method of expounding the curriculum?

Specifically, what is our present situation with respect to preparatory processing of the raw material for our schools of higher learning? Even before the hysteria engendered by the Sputniks, those interested in engineering and scientific education, many educators, and industrialists who have to use the products of our high schools generally conceded that something is amiss in our primary and secondary educational systems.

I shall not enter into the details of the hotly contested controversy over the worth, or lack thereof, of so-called "progressive" education. I have been studying this subject for the past ten years. My conclusion is that many, but fortunately not all, of our preparatory schools

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are not only failing to improve the raw material which comes to them, but also in many instances they are actually spoiling it.

It is impossible to do justice to such a difficult, complex subject in a short time. Perhaps I would do well merely to summarize my views and those of some others. They are that the preparatory schools have in large part abandoned their emphasis on specific academic disciplines designed to develop the capacity of the student for creative thinking, and they have substituted an emphasis on social activities with attractive labels, such as group awareness, life adjustment, and something frequently referred to as "togetherness."

Deterioration in Quality of Education

Commenting on the deterioration of standards of learning in our public schools, Felix Morley, noted educator, author, and editor, had this to say in a recent article: "There is no lack of demand for competitive education in the United States – the failure is in the supply. Several factors have combined to create this anomalous situation. Perhaps the most influential is the extreme to which the plausible theory of progressive education has been carried. Starting from the reasonable thesis that schooling should be enjoyable, the trend in public education has gone on to eliminate all coercion, all task-work, and almost all sharply competitive training. Unfortunately, this misguided kindness has altogether failed to make the lives of teachers, pupils, or parents happier. We do not need psychologists to tell us that the child whose will is never crossed is the one who makes himself and others miserable."

The results are inevitable and might well have been foreseen. The pupils have acquired smatterings of much unrelated information of little value as mental training and, for the most part, they have failed to acquire a capacity for that self-discipline which is essential to learning.

As for the teachers, the emphasis has now shifted from proficiency in their subjects and is directed toward acquiring a handiness with teaching *methods*, with corresponding neglect of the substance and content of knowledge. As Dr. Morley has stated so well: "The whole public school system is top-heavy with educationists who know how but not what to teach. Talent is no longer as important as the mere number of credits which teachers achieve in mandatory courses concerned with procedures rather than with content. Undoubtedly techniques are useful, but they do not of themselves make teachers any more than typing

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ability of itself creates authors. . . . In the assembly line production of mechanically qualified educationists is found one of the primary reasons for the malaise in our public schools."

Four years ago, I participated in a seminar on scientific education. An assistant high school principal and teacher of science in one of our largest cities asserted that in his state, one of the most populous, only 10 per cent of the high school teachers of science had received training in the science subjects they taught while all had received extensive training in the methodology of teaching!

"Crowd Culture"

Canon Bell, the great Episcopal scholar, and my dear friend, in the chapter on "The School" of his book, *Crowd Culture*, has this to say: "There is no getting around the fact that while our present teachers, and any we are likely to get, may be fairly competent to work in old-fashioned subject-matter and mind-training schools, they are simply not up to acting as preceptors, fathers and mothers, priests or rabbis or other ministers of religion, skilled counselors, trained nurses and psychiatrists, all these rolled into one. It is not honest, not intelligent, for professional theorists to talk as though this is not the case, thereby leading the general public to suppose that the public schools ought to do, are doing, what in fact they cannot do; encouraging teachers to neglect what they are able to do in order to dabble about in any number of tasks at which they are necessarily incompetent."

Father Bell quotes a West Coast high school teacher, one of many hundreds who wrote to him, as follows:

"What do we teach here? Scraps of literature and art, some unsystematic applied math, bits of history and geography, in fact, smatterings of almost all things academic and otherwise. These we try to 'integrate around vital central interests' such as how to date and mate and, if possible, avoid divorce; how to reform the City Hall; how to run the United Nations; how to plan cities; how to provide adequate housing; how to solve economic problems. All this when the pupils are fifteen years old!"

There are a great many similar statements from conscientious and worried teachers. Perhaps I can indicate what appears to be a fair consensus by quoting from a letter recently received from my sister. She is a graduate of the University of Missouri with degrees of B.A. and M.A. Over an elapsed period of fifty years she has had a total of sixteen years of teaching ex-

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perience in public and private high schools. Her subjects are the now largely discarded or neglected ones – English, Latin, German, Spanish, history, and government. This is what she said:

"The high school youngsters of today are anything but the ones we knew in our high school days. The teen-ager of today is so aggravatingly opinionated, irresponsible, uninhibited, and completely devoid of ambition that you feel as though you are talking to the Tin Man of the Wizard of Oz when you try to instruct him. This philosophy of 'Don't frustrate them, don't give them complexes, and don't hem them in' has bred a gang of uncontrollable and undisciplined brats. I hope the pattern will change before my grandchildren reach the teen age. . . ."

Student Attitudes

Confirmation of these views indicating a deterioration of moral standards comes to me from two sources. During the entire war period, my Deputy was Rear Admiral L. B. Combs who since 1948 has been head of the Department of Civil Engineering at Rensselaer Polytechnic Institute. Some five years ago he told me that he was deeply disturbed by the attitudes of many of his students who needed financial help. When he suggested that they borrow from the Loan Fund at the Institute, at a nominal rate of interest and with long payback period, he was told almost invariably, "I don't want a loan. I want a gift."

The other incident occurred several years ago during a visit of Dr. Frank Sparks to Pittsburgh. At that time he was president of Wabash College and was promoting the work of the Council for Financial Aid to Education. Among other things, he mentioned that the total of the unused loan funds of all American colleges was approximately $52 millions and that they had great difficulty placing them because the young folks wanted gifts, not loans!

We have heard it said by advocates of huge federal government appropriations for scientific and engineering scholarships that too many of our top high school graduates fail to go to college for lack of funds. Let me quote some figures from a recent bulletin of the Engineering Manpower Commission of Engineers Joint Council and the Scientific Manpower Commission (January 13, 1958):

Of the 1,196,500 senior class population of the country in 1956, the top 5 per cent were selected to take the first competitive examination for the National Merit Scholarship Corporation's awards. Of the 58,158 participants, 556 were granted scholarships. An additional

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4,226 for whom funds were not available were awarded certificates of merit in recognition of their abilities.

The 4,226 recipients of certificates were surveyed ten months later. Of the 73 per cent who replied, only 40, or less than 1 per cent of the total eligibles, reported that they were not then attending college, and of these, 19 expected to attend in the near future!

The bulletin states: "Although we are not in any way suggesting that these statistical findings have direct extrapolatable national implications, it is remarkable to note that where a valuable mechanism of talent identification was provided, *considerable evidence was accumulated showing the highest possible current rate of utilization of our most talented high school students.*"

Dr. H. S. Turner, our vice-president of Research and Development, commented on this bulletin as follows: "I have always contended that a student who really 'hits the books' in high school and comes up with good marks can find a way to go to college. . . . We don't need a massive U.S. government scholarship program. We do need to build more motivation toward academic excellence and higher education into those students who have the basic mental machinery."

And Dr. J. C. Warner, president of Carnegie Institute of Technology and a Director of Jones & Laughlin Steel Corporation, made this statement: "I have a feeling that too much is being said about the economic barrier to higher education. In my opinion, lack of motivation is a much more serious barrier. I believe it is just as possible now as it was when I entered college 42 years ago for an able young man, strongly motivated toward a career in science or engineering, to find a way to obtain an education. Furthermore, there has been a tremendous increase since the war in the scholarship and loan funds available to give financial aid to students. Let me say it this way: A strongly motivated and gifted student can usually find a way to get an education."

Adequate Plant Facilities

The fourth essential is adequate plant facilities. It is true that our physical plant is now inadequate to meet the demands made upon it. As our population increases and our industrial operations become more complex technically, the number of technical personnel measured as a percentage of the total working force increases. But I wonder whether we are making efficient use of the educational plant we already have. Certainly, we must give our teachers the

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equipment they need to do their jobs. But we have become so addicted to the "numbers game," i.e., the need for vast numbers of engineers and scientists that in many instances we have lost sight of the importance of quality. Let me quote here again from Dr. Warner. In a recent address, he said:

"I have spoken of numbers because we obviously need these numbers of well-educated engineers and scientists to keep going our technology-based economy of ever-increasing complexity. . . . But we need to think about quality, too. An adequate number of truly creative scientists and engineers educated to highest levels of competence may be more important to America than numbers. Actually, the great new ideas, the breakthroughs, in both pure and applied science and in other scholarly fields, come from a relatively few individuals. How many ordinary physicists would it take to make a contribution equivalent to that made by Fermi? It simply does not make sense to expect a reply. As I have often said, this is an area in which two half-wits do not make a wit."

The Knowledge and Meaning of Things

Permit me to digress here for a moment to raise a question which has been discussed with far more heat than light, namely, the place of the humanities and social sciences in an engineering curriculum. I have long believed that while a knowledge of *things* is important, it must fall far short of achieving its fullest value unless it is accompanied by a knowledge of the *meanings of things*. Science and engineering are devoted to the pursuit of the knowledge of things while the humanities and social sciences, and especially religion, can be used to learn the meanings of those things. True values are measured in terms of the growth and development of humanity, and to achieve those values we must be aware of the meanings of the facts which science and engineering reveal.

The Seabees, which I had the honor to head during World War II, were called upon to build, maintain, and operate naval bases of all kinds throughout the world. It was inevitable that they should have to meet challenges in fields far different from those in which they had received specialized training. It was my experience, often repeated, that those officers, who had a broad training in the humanities and social sciences to supplement specialized engineering training, were far better equipped to grapple successfully with new and unpredictable circumstances.

My considered judgment is that before we yield to the panic en-

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gendered by the Sputniks and other claimed advances in Soviet capabilities, we should make a thorough and unhurried appraisal of the adequacy of our entire educational structure in the four areas I have mentioned, beginning with the grade school and proceeding through the graduate schools. Decisions made under the stress of hysteria are usually wrong.

Education in Russia

There is no denying the fact that there is room for improvement in the things we are now doing. We might even learn something from Russia. The Soviets, early in their history, adopted the so-called progressive system of education, probably because it is egalitarian and socialistic. But when it comes to military matters, at least, they are hardheaded realists. And it did not take them long to learn that the essential characteristics of the American system, as formerly practiced, would yield the best results.

There is no doubt that Russia is using education as an instrument of national policy with emphasis on quality as well as quantity. In the curriculum which all must follow, the courses required during the ten years of elementary and secondary schooling between the ages of seven and seventeen place great weight on mathematics, physics, chemistry, biology, geography, Russian language and literature, foreign language, history, and physical culture. As far as I have been able to ascertain, there is no mention of courses in co-educational cooking, personal grooming, automobile driving, the social graces, esthetic dancing, band, and similar diversionary subjects which now infest many of our high school curricula.

I do not intend to imply by anything I have said heretofore that we should attempt to imitate the Russian system of education, which cannot be wholly divorced from the brutal authoritarianism of their political and social institutions. Our concept of the nature of the universe and of man's place therein is far different from theirs, and therefore our social institutions must necessarily differ from theirs. I firmly believe that every social order derives its sanctions from the prevailing concept of the cosmic order.

Return to Individualism

Our American society is based on individualism. But it is not an undisciplined individualism. The Founding Fathers held that individual freedom must be exercised within the limitations imposed by the moral code which, as a minimum, I would define as the Ten Commandments and the Sermon on

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the Mount. If we are to charge individuals with the responsibility for voluntary self-discipline, we must do our utmost to see that they have sufficient education to achieve understanding in order that they may grow in wisdom. It is only in this way that each of us can make his maximum contribution to that enhancement of human values which is the ultimate goal of our efforts.

Our entire social structure at one time was erected on the concept of the need for individual incentive, competition, and commensurate reward. Americans have always been great competitors; and they have been anxious to see those who excel receive the fruits of their labors. This was the incentive for extraordinary effort. The Russians have now adopted this concept for their educational system in which the competition is intense but the rewards for excelling are very great.

We Americans have taken the other road in much of our educational work. We have abandoned the concept of individualism and concentrated on the group. We have largely eliminated incentive; we are educating our youth to be content to live in an egalitarian society like the ants and the bees.

That process produces no giants. Rather it produces a race of intellectual pygmies. • • •

IDEAS ON LIBERTY

The Age of Discretion

THELWALL thought it very unfair to influence a child's mind by inculcating any opinions before it had come to years of discretion to choose for itself.

I showed him my garden, and I told him it was my botanical garden.

"How so?" said he; "It is covered with weeds."

"Oh," I replied, "that is only because it has not yet come to its age of discretion and choice. The weeds, you see, have taken the liberty to grow, and I thought it unfair in me to prejudice the soil toward roses and strawberries."

SAMUEL T. COLERIDGE

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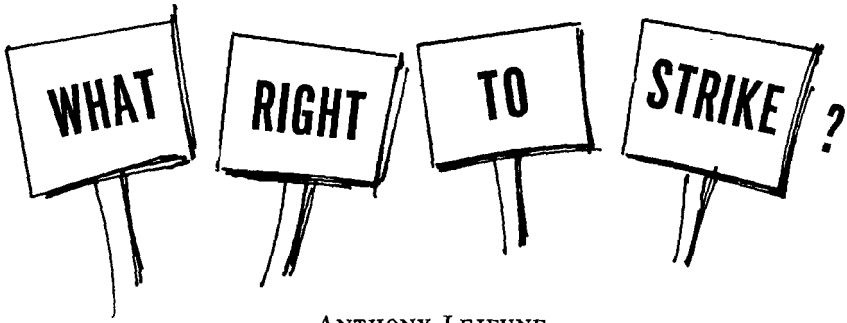

ANTHONY LEJEUNE

THERE HAS BEEN much talk lately about the trade unions and their chief weapon, the strike – a subject which is continually being forced on the attention of the public; but for the most part such discussion has been less than radical, for like so many modern arguments, it starts by begging the real questions altogether. One colossal assumption in particular bedevils discussion about the trade unions: that there exists a fundamental human right called "the right to strike."

It has been suggested that "unofficial strikes" (a strange phrase; what would an unofficial revolution be like, I wonder?) and perhaps strikes in public services should be made illegal. It is already illegal for workers engaged in the supply of gas or electricity to go on strike, and nobody seems to regard this as an intolerable infringement on their liberty. But such suggestions are always presented as particular limitations of this "right to strike," and we are surely entitled to ask first what kind of right this is.

For the sake of argument, let us assume that we do believe in certain "natural rights" which determine the justice of, rather than being determined by, man-made laws. The right to strike can hardly in itself be that sort of right. The noble savage would have little use for it. It is not one of the elementary freedoms.

Is it then derived by necessary implication from some more fundamental right? Mr. Macmillan, I'm sorry to say, recently subscribed to the popular fallacy that the right to strike is the same as the right of an individual to withdraw his labor from an employer, in other words, to leave his job, which is indeed a fundamental liberty distinguishing free men from slaves. Strikers do not leave their jobs in that sense at all; they expect their jobs to remain open for them. They

Mr. Lejeune is Deputy Editor of the British independent weekly, Time and Tide, *in which this article first appeared on July 12, 1958.*

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do not assert their right as free men to terminate a freely made contract; they assert their power as an organized group to break the current contract and force their employer to make a new one. They are not champions of individual liberty; on the contrary, they may be striking to suppress individual liberty, as they do when they demand the dismissal of a nonunion worker.

If further proof were needed, it might be supplied by the complaint of the American unions that a recent Supreme Court decision unfavorable to obstructive picketing threatens to make a strike "nothing more persuasive than a symbolic demonstration."

The "right" to behave in this way cannot therefore be derived from the ordinary liberties of the citizen or the law of free contract. Indeed the unions enjoy special immunity from the law. They cannot be sued for the torts of their members. The normal protection of the courts is withdrawn from citizens who are damaged by a trade union in the course of an industrial dispute.

The moral probity of strike action is by no means self-evident, though there still seems to be a general belief that all strikes are good and noble while all lockouts are unspeakably wicked. The Left-wing Press talked about "flagrant strikebreaking" during the London bus strike as though everyone would agree that strikebreaking, if proved, was reprehensible. Sir John Elliot's crime, for which 600 busmen are demanding his dismissal, was the "unethical conduct" of asking drivers and conductors to continue working when their union told them not to. Whenever an employer or the public or the government seeks to alleviate the effects of a strike, the unions seem to regard it as an act of moral turpitude and threaten dire new penalties, much as in the old navy a seaman who tried to defend himself against the bosun's rope's-end rendered himself liable to a flogging.

Strikes are not the only feature of the industrial scene to be talked about nowadays in terms of the most extraordinary cant. It is often said, for instance, that the reasonable and sensible way of settling a wage dispute is by arbitration, as though a wage dispute were in the same category as a dispute about boundaries or the interpretation of a contract or some conflict of rights. But a wage dispute isn't that sort of dispute. It isn't properly a dispute at all. It is a request or, if you like, a demand by employees that their employer should pay them more. It is for him to say whether he will grant their request and for them to say

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whether they will work for him under the conditions he offers. There is nothing for an arbitrator to decide.

This sort of fallacy is encouraged by the fashion for talking about a "partnership between management and labor," which is a confusion – and I'm afraid a deliberate one for political reasons – between two quite distinct relationships, that between partners and that between employer and employee.

Two shepherds may decide to amalgamate their flocks in order to make better use of the available grass and water. They market the two flocks as one; they share the profit or the loss; they consult one another and act on agreed decisions; they are partners. But if a shepherd finds his flock too large to handle and hires a man to help him drive it to market, the man should not expect to be consulted on marketing policy but he can expect to be paid his agreed wage whatever price the sheep may fetch; he is an employee.

If I make spears and find that I can't make them fast enough to satisfy the demand, I may decide to take a couple of young spearmakers into partnership. They bring their own tools and we all make and sell spears together. On the other hand, my own patent spears being so very popular, I may consider it wiser to employ a number of men to come into my cave and shape the shafts and spearheads under my directions. The men will be paid an agreed sum for their help and I shall then sell the spears.

There is nothing dishonorable or degrading in either relationship, but the point is that they are different relationships carrying different rights and responsibilities, risks, and rewards. What is dishonorable is to confuse the two, to claim the rights of both relationships and the responsibilities of neither—as the unions do, for instance, when they expect to share in a firm's increased prosperity but utterly refuse even to hold wages steady when the firm is losing money.

An individual who wants more money and can't get it from his present employer goes and looks for another job; a union coerces the employer. That is the difference, and I know which I should regard as the more honorable course; but a falling away of honor is inevitable as soon as you reduce individuals to mere ant-members of a collective.

This whole subject has become so dangerous that politicians and employers shy away from discussing it in realistic terms, which in itself suggests that the subject urgently needs discussing. • • •

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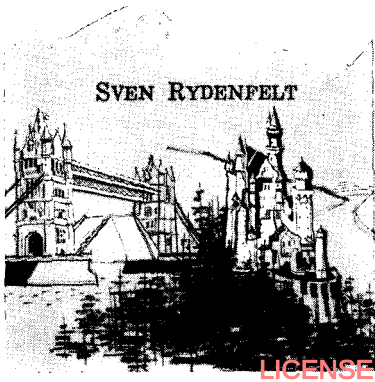
A TALE OF TWO NATIONS

SVEN RYDENFELT



THE GLORY and prosperity that once was England has often been attributed mistakenly to the size of the Empire and the exploitation of the people and other resources of the colonies. But the real explanation lies in the enterprise and initiative of Britons themselves in industry and foreign trade.

Two centuries ago England was the leader of the Industrial Revolution that so fundamentally changed the working conditions and the lives of the inhabitants of the western world. Such pioneering activity made England the most productive and prosperous country of that time, and as recently as 1850 her national wealth was estimated to be three times that of the United States.

Meanwhile, as industrial development spread throughout the world, England lost position to other nations of greater population. A new competitor also has entered the picture, one that could scarcely have been anticipated as recently as ten years ago when West Germany was just emerging from the destruction, disorganization, and disaster of a terrible war. West Germany, with about the same population as England's 51 million, has now surpassed her

Dr. Rydenfelt is an economist at the University of Lund in Sweden.

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in several of the most important branches of industry.

Steel Production. In 1955, West Germany forged ahead of England in production of steel, the key raw material of industry:

STEEL PRODUCTION
(*millions of long tons*)

Year	*England*	*West Germany*
1950	16.6	12.1
1951	15.9	13.5
1952	16.9	15.8
1953	17.9	15.4
1954	18.8	17.4
1955	20.1	21.3
1956	20.7	23.2
1957	21.7	24.5

Motor Car Production. If steel is the key raw material of industry, the motor car today is perhaps the most important symbol of economic prosperity. In this field, too, West Germany has outdistanced England:

PRODUCTION OF PASSENGER CARS (thousands)

Year	*England*	*West Germany*
1950	523	216
1951	476	267
1952	448	301
1953	595	369
1954	769	518
1955	898	705
1956	1000	1073
1957	1150	1220

Foreign Trade. West Germany is also the world's leading exporter of passenger cars, with 485,000 in 1956 and 585,000 in 1957, as compared to 414,000 and 550,000 respectively for Great Britain.

Prior to World War II, England held incontestable world leadership in foreign trade and shipping. But that picture also has changed. After 1945, the leadership was taken by the United States. And in the second half of 1957, West Germany moved ahead of England in the percentage share of international trade in manufactured products:

PERCENTAGE OF WORLD TRADE IN MANUFACTURED PRODUCTS

Year	*England*	*West Germany*
1950	22	8
1951	21	10
1952	21	11
1953	21	13
1954	20	15
1955	20	16
1956	19	16
1957	18	18

Unemployment. Of West Germany's 51 million people, at least 10 million are refugees. This stream of refugees to a war-torn land meant heavy unemployment in the first years after the war. The quick expansion of industry, however, has relieved the situation, and in the past year or more there has been a shortage of labor in certain branches of industry. But while unemployment has been diminishing in West

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Germany, it has been rising in England in recent years:

UNEMPLOYMENT (thousands)

Year	*England*	*West Germany*
1950	341	1580
1951	281	1432
1952	463	1379
1953	380	1259
1954	318	1221
1955	265	928
1956	287	761
1957	347	662
1958 (June)	473	401

Though figures of unemployment for various countries are seldom fully comparable, these United Nations statistics nevertheless show that the situation in West Germany is steadily improving.

Other evidence could be cited, but this may suffice to illustrate the trend and preface the question: Why is England falling behind?

Contributing Factors

Psychological factors have played their part. It is more difficult to maintain a fighting spirit in a deposed leader than in a rising star stimulated by progress already made. But even defeat can act as a spur; West Germany seems to have learned after the loss of two wars that "peace has her victories no less renowned than war," and she now proceeds at conquering the world by peaceful means.

Political and economic attitudes —strikingly different between England and West Germany — also have played a large part in the development. Postwar politics in England has tended toward state control and socialization. Along with a gigantic welfare program, the Labour Government from 1945 to 1951 nationalized the important coal and steel industries. Nor has the conservative government that followed been able to alter that course appreciably. Its hard policy of contraction, aimed at "expansion without inflation," has resulted instead in "inflation without expansion."

The West German "Miracle"

The political economy of Germany has moved in quite another direction. Deliberately and energetically, Professor Erhard has cleared away the thicket of state regulations to afford opportunity for the growth of a free economy. With completion of the most pressing work of reconstruction, and as the German economy gained strength, a program of successive reduction in taxes has been carried through. This "German miracle" has done more than anything else of recent years to prove the validity of the free market economic theories that the socialists had tried so hard to discredit.

Another striking difference be-

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tween the two countries is in their attitudes toward competition. While the British have long sought to escape the pressures of competition by building protective walls around the home market and the Empire – "imperial preference" – Erhard has pitilessly exposed German industry to the healthful and hardening climate of international competition.

"The German miracle" is not a favorite term to Professor Erhard. What has happened, as he explains in *Prosperity Through Competition,* (London: Thames & Hudson, 1958), is a very natural result of the policies which have been followed:

"What has taken place in Germany during the past nine years is anything but a miracle. It is the result of the honest efforts of a whole people who, in keeping with the principles of liberty, were given the opportunity of using personal initiative and human energy. If this German example has any value beyond the frontiers of the country, it can only be that of proving to the world at large the blessings of both personal and economic freedom."

• • •

IDEAS ON LIBERTY

The Problem of Inflation

THE SAD FACT IS that inflation is no economic fairy godmother. There is no magic in money to produce something for nothing, and when government creates money faster than its citizens create value, it does not create wealth; it only creates inflation, which is the illusion of wealth. While inflation may seem at first to provide some people something for nothing, it is only transferring value from one group to another, and if continued, eventually robs everyone — even the "smart" boys.

When the American people can courageously face up to the fact that there is no such thing as something for nothing; that there is no real security without risk; that money cannot be manipulated to produce wealth; that there is no substitute for human endeavor and individual wisdom and responsibility; then, and only then, can we bring America back to economic reality, which in turn will put our feet on the path to sound growth and true prosperity.

SENATOR WALLACE F. BENNETT (Utah) *Congressional Record,* July 8, 1958

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ON THE IMPORTANCE OF BEING Different

THE NEWS out of China is that Mao Tse-tung is busy forcing 500 million peasants into communes which will not even leave them private property in homes, cooking pots, gardens, or domestic animals. All they will have is the shirts on their backs. This is something which the communists in Russia, in Yugoslavia, and in Poland have never managed to pull off: the older communisms have always had to leave a little room for private possessions and for individuality.

Can Mao Tse-tung succeed where East European Marxists have retreated? Well, there have been slave societies in the past. History teaches us, however, that their survival value is not particularly high. A mere handful of adventurous Spaniards blew the Inca and Aztec slave empires to pieces with a minimum of gunpowder. Hitler lasted a few years — but he had behind him the technological inheritance of an older Germany which had allowed free play to its creative individuals. By all the signs, Mao Tse-tung is riding to a disastrous fall. Chiang Kai-shek may go back to the mainland yet.

The truth is, as Leonard Read has often said, that we all have a vested interest in each other's differences. Individualism, far from being anarchic, is paradoxically the thing which enables us to be a more effective team than any system of "communes" that has ever been invented. As a nation, we have tended to lose sight of this in recent decades. But the momentum of the past has saved us. We are not ready for the antheap of Mao Tse-tung.

That we have enough indomitable "carriers" of individualism to save us is evident from a "symposium on individuality and personality" sponsored by the Foundation for American Studies and edited into book form as *Essays on Individuality* (University of Penn-

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sylvania Press, $5.00, 270 pp.) by Felix Morley. This book is the work of twelve scholars, each of whom has tackled the subject of individualism from the standpoint of his own specialty. Some of the contributors find it "difficult to anticipate that the second half of the twentieth century will reverse the long-standing movement toward collectivism and away from individualism." (The quotation is from Arthur A. Ekirch's essay on "Individuality in American History.") But the general tone of the symposium is guardedly optimistic, at least to the point of arguing that it is natural for human beings to differ widely. Where nature is left free to work, individualism will out.

Scientists Heard From

All of the essays in Mr. Morley's symposium are commendable. But it is the essays by the scientists that pack the biggest punch. Take Conway Zirkle's "Some Biological Aspects of Individualism," for example. The mathematics of Mr. Zirkle's theory of the behavior of Mendelian "segregants" is beyond me, but his words are plain: a society has a vested interest in keeping its "gene pool" as free and flexible as possible. "Obviously," says Mr. Zirkle, "an open society – one in which the able may rise and the dim-wits sink, a society where like levels of ability segregate out from the whole, and where like intelligences have a greater chance of meeting and mating – has advantages that other societies do not have." In Mao Tse-tung's China, says Mr. Zirkle, "the differential butchery of 'bourgeois' Chinese by those now in power may well have altered the genic endowment of the Chinese race." This same type of butchery practiced by Germans and Russians may have altered "genic frequencies" all the way from the Rhine to the Amur River. If so, then the West should be able to turn up a more varied assortment of superior individuals in the century to come. It would naturally have more in the "gene pool" from which to draw.

A second biological essay, Roger J. Williams' "Individuality and Its Significance in Human Life," is absolutely astounding for the information it packs about natural human differences. Men differ anatomically, physiologically, biochemically, and psychologically in a bewildering crisscross of ways. The length of the human small intestine, for instance, can vary in individuals from eleven feet to twenty-five feet nine inches. The adrenal cortices of different individuals are said to vary about tenfold in thickness. To one individual sodium benzoate will taste

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sour, to another it will taste sweet, to a third it will have no taste at all. An Einstein can be a genius at mathematics and a dullard in language; a Capablanca can be a wizard at chess and have only "moderate intellectual attainments" along other lines.

The social upshot of the scientific essays in Mr. Morley's symposium is that we can all derive benefits from varied genic endowments and special physical and mental aptitudes only by letting them flower as they will. As John Dos Passos says in his essay, it's a "question of elbow room." Picking up from where Mr. Dos Passos leaves off, Mr. Morley attacks the Rousseauistic concept of the "general will." He does not attack it indiscriminately: men must abide by a "social contract" which restrains them from such things as theft and murder if they are to gain any advantage in society from each other's special aptitudes. There must, in other words, be a "general will" to respect each other's natural rights. But that, says Mr. Morley, is as far as he can go with Rousseau. Divorced from the theory of inalienable rights, the "general will" becomes a monster – and life under its sway is apt to be even more "nasty, brutish, and short" than it is in a state of primitive anarchy.

A general opinion held by Mr. Morley's contributors is that freedom must result in inequality – and a good thing, too. For without inequality, the social, intellectual, and economic endowments of the human race would tend toward stabilization on a very low level. In the nineteenth and early twentieth centuries millionaires got rich by increasing the opportunities for everybody. We are still living as a people off Mr. Rockefeller's developments in oil refining, Mr. Ford's experiments in manufacturing cars, and so on. Would it have been better if the Messrs. Ford and Rockefeller had been restrained from pushing far ahead of their fellows?

Progress Rests on Freedom

The justification for leaving people alone is most cogently summed up by Friedrich Hayek in his essay on "The Creative Powers of a Free Civilization." Dr. Hayek argues that civilization is not a conscious creation; it results from the unforeseen experiments and experiences of countless individ-

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uals. No central board or individual dictator could possibly "assign" the experiments or ordain the experiences which, taken together, spell out human progress.

Dr. Hayek thinks the case for freedom rests largely on the recognition of inevitable and universal ignorance of all of us about the factors which make for achievement and well-being. In the past, this recognition of ignorance has been protected by the fact that human beings have not been able to control social life. But now, with technological means of control at the disposal of States, the human race is endangered as it never has been before. "We are," says Hayek, "not far from the point at which the deliberately organized forces of society may snuff out those spontaneous forces on which all advance depends." • • •

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MEMO ON PRIVATE ENTERPRISE

No. 2 in a series

". . . an unnecessary encroachment on private transportation companies."

The National Association of Motor Bus Operators (NAMBO) speaks for nearly 1,000 carriers, representing 75% of America's intercity motor bus transportation. In an urgent appeal to the Senate Post Office and Civil Service Committee, NAMBO clarified its stand on proposals to increase the size and weight limits of parcel post moving between first class post offices. NAMBO states: "(We) must oppose this proposal to undo the progress Congress has made in this field . . . it would produce once again an unnecessary encroachment on private transportation companies."

NAMBO emphasizes that discontinuance of package express transport revenues would seriously jeopardize essential regular route operations. The proposed parcel post changes would further thrust the Post Office Department into direct competition with private companies . . . would result in diversion of private company traffic to the Post Office. *This would be contrary to the very basis on which parcel post was established by Congress.*

Reporting favorably on the 1951 legislation (P.L. 199), the House Post Office and Civil Service Committee said, ". . . the problem of the (P. O. Department) competing with private business to the point that private business is being irreparably damaged . . . can be met by a restatement of congressional policy with regard to parcel post service and a return in part to the size and weight limits originally approved by Congress when *parcel post was established to provide a small parcel delivery service to areas which are not serviced by other transportation facilities.*"

There can be only one conclusion. "Anyone interested in a sound transportation system must oppose this legislation and since it would not serve recognized interests of the Postal service there would be no justification for its adoption."

For a free copy of the informative booklet, "The Truth About Parcel Post," address the Public Relations Division,

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FROM A LIBERTARIAN'S LIBRARY

How MANY times throughout history this same mistake has been made: Power given to someone who is trusted; then another, to whom the people would *never* have given power, inherits that which was given to a trusted one.

You can guess what happened. Joseph died. An Egyptian inherited the power that had been Joseph's. He didn't assume any power that had not been in the hands of the kind and compassionate Joseph. The only difference was that he used it differently. He used it to make of the Israelites the abject slaves described in the Bible.

Today we have empowered people in our own government to do things for us without realizing the fearful extent of that power. We don't yet realize it because the people who now hold it have generally not chosen to exercise it in all the awfulness implicit in it. When they do, we will wonder how we could ever have been foolish enough to have given that power to anyone.

From the article, "Two Ways to Slavery" by James M. Rogers in Essays on Liberty, *Vol. III, Foundation for Economic Education, Irvington-on-Hudson, N. Y. 448 pp. $2.00 paper, $3.00 cloth.*

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